LEGISLATION ON VA HOUSING DOLLAR LIMITATIONS AND GRAVE MARKERS

HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND MEMORIAL AFFAIRS

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

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LEGISLATION ON VA HOUSING DOLLAR LIMITATIONS AND GRAVE MARKERS

THURSDAY, MAY 3, 1984

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND MEMORIAL AFFAIRS,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:13 a.m., in room 334, Cannon House Office Building, Hon. Richard C. Shelby (chairman of the subcommittee) presiding.

Present: Representatives Shelby, Applegate, Smith of New Jersey, Sundquist, and Bilirakis.

OPENING STATEMENT OF CHAIRMAN SHELBY

Mr. SHELBY. The subcommittee will come to order.

This morning we meet to consider three bills that are currently pending before the subcommittee. Following the legislative hearing, the subcommittee will have a markup session.

The first bill before us, H.R. 4685, would increase the maximum VA loan guaranty for a conventional home from $27,500 to $30,000. Under current law, this guaranty may be applied to buying, building, or repairing a home, condominium or manufactured housing in some instances in an amount not to exceed 60 percent of the loan or $27,500, whichever is less. Assistance is provided chiefly through substituting the Government's guaranty on loans in lieu of the substantial down payments, relatively short terms, and other investment safeguards applicable to conventional mortgage transactions. This increase is warranted since housing costs have risen approximately 24 percent since the last increase in the guaranty, which was in 1980.

In addition, this bill would increase the specially adapted housing grant for "wheelchair homes" from $32,500 to $35,000. This grant program was established to help offset the increased costs to a severely disabled veteran when acquiring a home with ramps, wide doors, specially placed light switches, special plumbing fixtures and so on, which costs substantially more than a conventional home. In view of steadily escalating housing costs, this increase will help meet the special needs of this small but special group of service-connected, catastrophically disabled veterans.

Last, this bill would increase from $5,000 to $6,000 the one-time specially adapted housing allowance. This allowance, which was created by the enactment of Public Law 96-385, makes it possible for certain service-connected blinded veterans and service-connect-

ed veterans who have suffered the anatomical loss, or loss of use of, both hands to make necessary adaptations to their homes.

In addition, the subcommittee will consider H.R. 5367, which is legislation to increase the maximum amount of guaranty available from the VA for a loan for the purchase of a manufactured home from the present $20,000 to $22,000. As the cost of conventional housing rises, the VA manufactured home loan guaranty program is steadily growing. It offers the only affordable home ownership to many veterans in this country.

And, the subcommittee will hear testimony on H.R. 4686, a bill requiring that new grave markers in national cemeteries be upright. The Veterans' Administration has been installing flat markers for easier maintenance purposes. Numerous complaints have been received from areas subject to heavy snowfalls that flat markers are not visible for long periods of time and this makes it difficult for survivors to find the graves of their loved ones.

Today we have seven witnesses. Some prospective witnesses have submitted their statements, or plan to shortly. Without objection, the hearing record will remain open for 5 days so that their testimony may be included in the hearing record.

I want to welcome you here this morning. I would also appreciate your limiting oral presentation to 5 minutes since we will have the benefit of your written testimony. This will allow us to move on so that we may have an opportunity to ask questions.

Welcome, gentlemen, to the subcommittee.

First of all, before you get started, I want to recognize the ranking minority member, Congressman Smith of New Jersey.

OPENING STATEMENT OF HON. CHRISTOPHER H. SMITH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. SMITH. Thank you, Mr. Chairman.

The housing bills before us this morning are concerned with a most successful veterans benefit program. They are designed to update this program in terms of modest increases in the guarantees for both conventional and manufactured GI loans and similar modest increases in grants or allowances for so-called wheelchair homes or other specially adapted houses. The potential users of these grants and allowances are our most seriously disabled service-connected veterans, Mr. Chairman, as you know, a great majority of users of today's GI loans are Vietnam or Vietnam-era veterans.

With respect to the wheelchair homes, I understand that about 300 are budgeted for 1985, and with respect to the special grants, approximately 100 are budgeted. I support these measures, Mr. Chairman, and at the markup session this morning I am prepared to make the appropriate motion to report them to the full committee.

Mr. Chairman, the bill concerning upright markers in VA cemeteries also has my support for the reasons that you mentioned during your opening remarks. I recognize and understand the VA's opposition, but I believe it is outweighed by the increased beauty

and dignity of the upright markers. I am also prepared to move for the reporting of this measure to the full committee.

Thank you, Mr. Chairman.

Mr. SHELBY. Thank you.

The Chair recognizes the gentleman from Tennessee, Mr. Sundquist.

OPENING STATEMENT OF HON. DON SUNDQUIST, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mr. SUNDQUIST. Thank you, Mr. Chairman.

I want to begin by thanking everyone for being here today. It is an honor to be here and to listen to their views and the views of the great veteran organizations on these three pieces of legislation that we will be reviewing.

As representatives of the men and women who have sacrificed to preserve the freedom of this country, your concerns and feelings regarding these bills are of utmost concern to this subcommittee. The housing of our veterans is a most important issue to both the veteran and his family. Therefore, it is our responsibility to maintain high standards for them and we must try to do this.

In death, as in life, it is the responsibility of this subcommittee to uphold the honor of the veterans who have lived and died for this country. We must determine through careful consideration how best to accomplish this goal.

Thank you very much, Mr. Chairman.

Mr. SHELBY. Thank you.

As I said a minute ago, I welcome the panel. You may proceed. Mr. Bannai.

STATEMENT OF PAUL T. BANNAI, CHIEF MEMORIAL AFFAIRS DIRECTOR, DEPARTMENT OF MEMORIAL AFFAIRS, VETERANS' ADMINISTRATION, ACCOMPANIED BY JOHN W. HAGAN, JR., DEPUTY CHIEF BENEFITS DIRECTOR; ROBERT O'TOOLE, DIRECTOR, LOAN GUARANTY SERVICE, VETERANS' ADMINISTRATION; AND JAMES P. KANE, ASSISTANT GENERAL COUNSEL

Mr. BANNAI. Mr. Chairman and members of the subcommittee, I am Paul Bannai. To my right is Mr. John Hagan, Deputy Chief Benefits Director, and to his right is Mr. Robert O'Toole, who is head of the Loan Guaranty Service, and to my left is Mr. James Kane from the General Counsel's Office of the Veterans' Administration.

On behalf of Mr. Walters, the Administrator of Veterans' Affairs, I want to thank you for the privilege of being able to appear before the committee today.

We will split the testimony. I will give my comments on H.R. 4686, and Mr. Hagan will continue with the other two matters which you have referred to. I will try to make my comments very short and not follow the script of the statement that we have tendered to you, and then, if there are any questions you wish me to expand on, I would be very happy to do so.

Mr. SHELBY. That will be fine.

Mr. BANNAI. First of all, on behalf of the Veterans' Administration, we are in opposition to H.R. 4686, and I think that some back-

ground information may be helpful in understanding why we do oppose it.

The flat markers which we have been installing in most of our cemeteries and new cemeteries are increasingly popular throughout the country. Most of the private cemeteries have gone to what is known as the park-type cemeteries throughout the country. During the last 50 years the trend has been in that type of design for cemeteries.

This is really strongly confirmed by the orders that we receive from the private sector. Ninety percent of the headstones and markers that we send out, about 200,000, are of the flat type and not the upright. In the VA cemeteries, which are national cemeteries, we are still using the upright in those cemeteries which have the uprights, but in the new cemeteries we have gone to the flat marker.

We went to this through a study and recommendation of our advisory committee in 1976. This was done after quite an exhaustive study. There are more than just the things you have mentioned. One of the main reasons for it is the cost factor. At the present time, and each year it has escalated, the flat markers are running about $31 by contract this year for flat granite, and $77 is the contract price for an upright marble. Also, along with the increase in the procurement costs, there is also the cost of the freight. As indicated in our written testimony, the upright marker is marble, weighing approximately 230 pounds, as against about 130 pounds for the flat granite and about 20 pounds for the bronze markers.

Also, this would increase the overall average headstone procurement cost which would raise the cost of the monetary allowance to eligible persons who elect to purchase their own marker.

[Subsequently, the Veterans' Administration provided the following information:]

A person entitled to request a headstone or marker may elect to receive reimbursement for the actual cost of acquiring a nongovernment headstone or marker. Reimbursement is limited to an amount not in excess of the average actual cost of Government furnished headstones or markers. Therefore, mandating the use of more expensive upright markers would increase the average cost thereby increasing the amount to be paid an eligible person. (See 38 U.S.C. section 906(d).)

Mr. BANNAI. The flat markers allow for significantly greater operating efficiency in the following manner: They are much lighter and easier to place on the graves. There is much more efficient ground maintenance with the flat markers. They do not sink and get out of alignment. They are not susceptible to damage or discoloration, which happens with the marble uprights. They are much safer for the employees to work with as the upright marker weighs considerably more than the flat marker.

The uprights are used primarily on a larger gravesite which we had in the past, which is normally a 5 by 10 feet. We have gone to a 4- by 8-foot gravesite, which means that we will be able to use an acre of ground much longer than we have in the past. This is rather significant due to the fact that gravesite demand is increasing, land in metropolitan areas is very hard to come by, and it would move up the closeout dates of cemeteries if the use of the upright marker required a reversion to the larger grave size.

Further, in the bill itself, we estimate that there would be a tremendous cost in replacng the approximately 170,000 flat markers now installed in our cemeteries. The 5-year cost we have estimated for this bill is $35 million.

For these reasons, we oppose the legislation requiring upright markers. We believe that we can operate more efficiently, provide more burial space, and be consistent with the flat marker trend which we find in the private cemeteries.

Those are my comments, and, after Mr. Hagan's comments, I would be very happy to answer any question which you may have. John?

STATEMENT OF JOHN W. HAGAN, JR.

Mr. HAGAN. Good morning, Mr. Chairman, members of the committee.

Mr. Chairman, we are here to testify on H.R. 4685, which would increase the VA loan guaranty from $27,500 to $30,000 for conventional housing. The specially adapted housing grant would be increased from $32,500 to $35,000. And it would increase the maximum housing grant for veterans who are blind or have lost, or lost the use of, both hands from $5,000 to $6,000. H.R. 5367 would increase the VA loan guaranty for manufactured housing from $20,000 to $22,000.

H.R. 4685, which would increase the guaranty on conventional homes from $27,500 to $30,000, currently represents an average guaranty on these loans of 44.26 percent. This is above the amount of down payments currently being made in the private sector on conventional loans of 20 to 25 percent. We think that this is adequate to ensure a continuation of our loan guaranty program and, Mr. Chairman, for that reason, at this time we are opposing this increase.

H.R. 4685 would also increase the available VA specially adapted housing grants from $32,500 to $35,000. In view of the amount of the existing grants and the stabilization of housing costs, we recommend that this increase not be granted at this time.

On the increase from $5,000 to $6,000 for those veterans who are blind or who have lost, or lost the use of, both hands, Mr. Chairman, we favor that provision.

On the increase for manufactured housing from $20,000 to $22,000, the VA current guaranty is currently limited to 50 percent of the loan amount up to a maximum guaranty of $20,000. The loans would need to exceed $40,000 before the full 50-percent guaranty protection would be required under the proposed statute. In fiscal year 1983, the average VA-manufactured home loan was $21,020. Mr. Chairman, we oppose the increase in that provision also.

This briefly concludes the position of the Veterans' Administration and, Mr. Chairman, I stand ready to respond to any questions you or the members of the committee may have.

[The statement of Paul T. Bannai appears at p. 36.]

Mr. SHELBY. Mr. Bannai, in your testimony you state that the use of upright markers may require using a grave site of 5 by 8 feet rather than the 4- by 8-foot plot which you now use for flat

markers in national cemeteries. Additionally, it is my understanding from the agency report that, because of the weight of the upright marker, you believe it would be better to install the marker at the head of the gravesite over undisturbed soil rather than directly over the grave with its replaced soil which settles.

Why would you require 2 additional feet in length and 1 additional foot in width to accommodate a 13- by 4-inch grave marker?

Mr. BANNAI. It is primarily a weight-per-square-inch problem when you put it into a grave which has disturbed soil.

Mr. SHELBY. What would the weight of the stone be?

Mr. BANNAI. Well, the upright, which has approximately 52 square inches on the bottom and weighs approximately 230 pounds, would have approximately, I think, 4½ pounds per square inch of weight. When you take a flat granite marker which weighs approximately 130 pounds and you spread that over 288 square inches, it comes to only about 7 ounces of weight per square inch.

You find that, when the soil settles or gets wet, the uprights have a tendency to lean forward or backward, so that the maintenance takes a tremendous amount of time.

Mr. SHELBY. Let me ask you this. What about the flat markers? I have seen some flat markers that were sunk in the ground.

Mr. BANNAI. Initially, they may sink, but we come back and fill the dirt in and we try to keep them level with the ground.

Mr. SHELBY. How long after a burial would it generally take for the soil to settle where it would support an upright marker? I am sure it would depend on the type of soil.

Mr. BANNAI. Yes. It would depend quite a bit on the soil.

Mr. SHELBY. You're dealing with the manufacturing, the engraving, and delivery of the monuments with various people. Couldn't you just delay that or have it on a delayed timetable, like business that is carried on every day, as to when you need it? In other words, when the soil settles, it will settle at different times and——

Mr. BANNAI. Well, we are trying to increase the deliveries quicker. Complaints in the past have been that——

Mr. SHELBY. What is the timeframe now?

Mr. BANNAI. It is approximately 2 to 3 months. We are trying to cut that down through automation of applications processing, by quicker inspection at the site of the making of the stone, and through quicker delivery methods.

Mr. SHELBY. Would 2 or 3 months be enough for some basic soils to settle, with a lot of rain and so forth? I know it depends on the climate.

Mr. BANNAI. Well, we have never faced that, but we would get complaints from the veteran or his family. They would like to see the grave marked as soon as possible. The greatest visitation time of any of our graves by next-of-kin is immediately after the service takes place.

Mr. SHELBY. Don't you think, though, in addition to that, that they would like to have an upright marker where they could find the grave?

Mr. BANNAI. We have never—and I have looked through all the records—have never had a complaint from anyone who has ever visited a grave, that they are unable to find their grave.

Mr. SHELBY. Let me ask you about a cemetery in Hawaii, the Punch Bowl Cemetery. I was visiting out there back in the fall and inspected it and so forth. That has flat markers——

Mr. BANNAI. They have all been flats, yes.

Mr. SHELBY. Now, they are flat there. And I notice the other day, I saw a picture of some American-Filipino cemetery in the Philippines——

Mr. BANNAI. Yes, it's in Manila.

Mr. SHELBY. Yes, and it has upright markers.

Mr. BANNAI. The reason that they are able to use uprights in those cemeteries overseas is that they are not run by the Veterans' Administration or by the Army. They are under the jurisdiction of the American Battle Monument Commission.

All of those markers, since there are no reburials, they put in a concrete sleeve. They pour concrete and then put the marble marker on there. That marker will never shift. So if you go and take a look at those, they are all at equal height and they are all lined and they will never move, because that cement that they pour is like a foundation on a building.

If we had no reburials in our cemeteries and we were able to do that, we would also have the same look and no alignment problems.

Mr. SHELBY. I have also visited the one in Normandy. That is a beautiful cemetery. I'm just giving my personal opinion. I know Punchbowl is a beautiful cemetery, but I was sort of amazed that it was not upright. That's just my personal feeling.

Mr. BANNAI. Punchbowl, when I first visited it, was all crosses.

Mr. SHELBY. What is the history of that? Some of my constituents recently visited Hawaii and they couldn't understand why there were no crosses or upright markers.

Mr. BANNAI. I happened to serve with a unit where many of my friends were buried there. They were not Christians. They felt very strongly that any other faith, whether the Jewish faith or Buddhist, that all the graves should not be marked with crosses. As a result, part of that might have been the reason for taking crosses out and replacing them with a marker.

Now, on the markers that we have in Punchbowl, which are flat markers, we get a tremendous number of compliments on the park-like atmosphere of that cemetery. On the marker itself, as you know, you can have any designated religious emblem that you desire. That is the way it is with all of our cemeteries.

Incidentally, the Memorial Cemetery of the Pacific, which is at Punchbowl, is one of the first cemeteries that we went to completely flat markers. The other two are at Portland, OR, and in Puerto Rico. In both of those cemeteries we have had very good response from the public.

The letters that you refer to, you might say complaining about the flat markers, come from two areas—Minneapolis in the Minnesota area, and from South Dakota. All of the letters, they sent them to their committee members here and to their congressional delegations, say the same thing. So it would appear that most of these people have not been to either one of the cemeteries.

Mr. SHELBY. What about in the East, where you also have a lot of snow in the wintertime?

Mr. BANNAI. Well, we get a lot of snow up in Calverton, a lot of snow in Massachusetts. If we were to take the number of cemeteries where we have flats, they are about equally divided. As I say, we have never received a complaint from anyone that ever visited any of our cemeteries saying they were not able to find their gravesites, regardless of whether it is marked by a flat marker or an upright marker.

Mr. SHELBY. Just out of interest, let's go back to Punchbowl for a minute. Could you furnish me information regarding the decision to change the wooden crosses to flat markers?

I can understand why, Buddhists or non-Christians and so forth, why they wouldn't want that. But I would, however, like the history.

Mr. BANNAI. For the record, I will furnish that.

[Subsequently, the Veterans' Administration provided the following information:]

GRAVE MARKERS AT NATIONAL MEMORIAL CEMETERY OF THE PACIFIC, HONOLULU, HAWAII

The National Memorial Cemetery of the Pacific or "Punchbowl" as it is popularly known, was opened in 1949. The original burials numbered approximately 13,000 casualties from World War II whose remains were gathered from scattered wartime cemeteries throughout the Pacific, as well as Hawaii's own sons from other theaters of war. Upon completion of the reinterments, graves were marked with temporary wooden markers in the shapes of crosses and Stars of David, pending the delivery of permanent stones.

Army officials who were in charge of the operation obtained advice from local citizens and groups about the permanent marking of the graves. The great majority of those consulted expressed a preference for flat markers, which the Army approved. In the fall of 1951 the permanent flat granite markers were delivered and installed. The temporary wooden markers had served their purpose and were removed; they had become termite-ridden and weatherworn, and were regarded as inappropriate for the many veterans buried in the Punchbowl who were not of the Christian or Jewish faiths.

Mr. BANNAI. I might tell you there are other cemeteries that we have only flat markers. They are at Calverton, NY, Bourne, MA, Houston, TX—I mentioned Portland, OR—Riverside, CA, Indian Town Gap in Pennsylvania and I mentioned Puerto Rico. And, of course, our newest cemetery here at Quantico at the Marine Base is also all flat markers. We have never had anyone that we have had a request from on a burial come to us and ask for an upright marker.

Mr. SHELBY. I hate to belabor the point, and I will shortly move on to other members of the committee.

On the loan guaranty program, I notice you opposed the increase in the specially adapted housing grant on the basis that housing costs have stabilized. I realize they may have stabilized in certain areas, but how can you arrive at this information?

It is our understanding that the National Association of Home Builders has been quoted as saying housing costs have risen over 24 percent since the last increase in 1980.

Mr. O'TOOLE. There has been some increase if you use 1980 as the benchmark.

Mr. SHELBY. We would have to use that if that was the last time the guaranty was raised, wouldn't we?

Mr. O'TOOLE. That's correct, Mr. Chairman. But we found that the special housing grant in fiscal year 1983 provided 37 percent of the funds necessary to obtain a specially adapted house, based upon the median cost of such a house. So we are not reaching the 50-percent level. The increase in the amount of the grant still won't reach that 50-percent mark in the majority of the cases.

Mr. SHELBY. It is my understanding that three specially adapted housing grants go to the most severely disabled veterans.

How do you justify supporting an average grant of 37 percent when it is the clear intent of Congress to provide these seriously disabled veterans up to 50 percent?

Mr. O'TOOLE. That is a function of the average cost of acquisition and making the special housing adaptations. The average cost is below that amount that would reach the 50 percent.

Mr. SHELBY. The Chair recognizes the gentleman from New Jersey, Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman. I just have a couple of questions.

Mr. Bannai, you mentioned that you have never received a complaint. I represent a district in the State of New Jersey and on a regular basis I hold forums with veterans in my State. Until recently, I was the only Member from New Jersey on this committee. Time and time again I hear from the various veterans groups, be it the VFW, the DAV, the Ameican Legion and others. I hear from individuals who say they had trouble, particularly in the wintertime, particularly during inclement weather and snow, finding graves. Now, eventually, obviously, they did find the graves, but the problem was it was an inconvenience for the family.

I would suggest to you that one of the reasons why you probably never receive complaints is that I don't think surviving families will sit down and write a letter to the VA saying "we need upright markers for our loved one." It is just not the kind of action that I think a person would take. But I have heard complaints time and time again in my State on this issue. I think the fact that the various veterans' organizations who are here today and will be testifying in favor of the legislation is testimony that they have heard back from their constituencies as to the need for this legislation. So I would suggest it is something that is needed.

It is a very modest cost of some $2.5 million, if I'm quoting your testimony correctly——

Mr. BANNAI. It's $35 million.

Mr. SMITH. OK, $35 million. Even if it is that much when you compare that with one final testimonial to a veteran in terms of the dignity and beauty that that kind of stone will relate, I think that should be borne in mind. I am glad there is bipartisan support in this committee.

I do have a question for either Mr. Hagan on Mr. O'Toole. What is the opinion of the lending industry about the increased guaranties of the GI loans?

Mr. O'TOOLE. I am not sure the Mortgage Bankers Association has taken a position one way or the other, Congressman. We haven't heard from them. I notice they are not on the witness list today, so I really don't know.

Really, what the increase in the maximum VA guaranty would do is two things: It would increase the maximum loan from $110,000 to something higher than that, the maximum no-money-down loan. It would also allow those veterans to use a portion of their eligibility, to have an increased amount and therefore get a higher VA loan.

Mr. SMITH. Mr. Chairman, if we could, I would ask that the staff ask the Mortgage Bankers and the other lending associations their opinion on this legislation.

Mr. SHELBY. We will instruct the staff. We would like to hear the other side.

I see we do have a statement and we will furnish it to every member of the committee.[1] I didn't know that.

Mr. SMITH. I yield back the balance of my time.

Mr. SHELBY. The Chair recognizes the gentleman from Tennessee, Mr. Sundquist.

Mr. SUNDQUIST. Thank you, Mr. Chairman.

Mr. Bannai, would you tell me again why the grave size has to be larger?

Mr. BANNAI. Recently we had 6 by 10, and 5 by 10 gravesites, which were consistent with upright markers. We have diminished the size to 4 by 8. In the private sector they use smaller 3 by 8, gravesites.

Mr. SUNDQUIST. In the private sector they don't have any upright stones when they use a smaller size grave?

Mr. BANNAI. Well, as I indicated to you, over 90 percent of all of the stones that we furnish out of our Department for private cemeteries are flats——

Mr. SUNDQUIST. That's not my question.

Mr. BANNAI. So they must be still using some upright stones.

Mr. SUNDQUIST. My question is, with a 4 by 8 gravesite, can you or can you not use an upright stone?

Mr. BANNAI. Yes, you can use it on any size grave. It just works out better when you have a flat stone on new gravesites, or on a gravesite which has soil that is going to give. There is only 18 inches of an upright marker below ground. All the rest of that 230 pounds is up above. As a result, it has a tendency, depending upon soil conditions, depending upon weather conditions, when it gets wet, to lean one way or the other or to sink. It is the weight factor.

Mr. SUNDQUIST. Have you thought about redesigning the stone on an upright basis so it is distributed a little differently?

Mr. BANNAI. Well, the marble industry—the veterans have been traditionally getting this size stones for many years. I really don't know whether they would accept a new kind of a stone. We could maybe make them out of something else. Traditionally, they have been of marble.

Mr. SUNDQUIST. Mr. Bannai, your argument seems weak to me in this regard, with all due respect. The implication here is that we were able to go to a smaller gravesite because of the switch in markers. I don't think that is accurate.

Mr. BANNAI. Yes, that is only part of the reasons for it.

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[1] See p. 68.

Mr. SUNDQUIST. Then in your testimony it says that the cost of maintaining these stones in terms of making sure they're straight, by your own comments a few minutes ago, you said that the other markers, after the chairman asked you about that, had to be readjusted. You didn't net that out. You didn't subtract the cost of the flat markers from what it cost if we had all above-ground markers. So I think that's inaccurate.

Mr. BANNAI. Very little of the flat markers have to be realigned or be brought to the level. With the upright markers, you constantly have to do that. In addition, the mowing is less efficient with an upright. If you go to an upright marker cemetery you will see that they have to mow around the uprights and then go back again with other equipment in order to make it look neat. We do not have to do that with the flat markers. As a result, we can maintain a great number of gravesites in a better manner than we can with upright markers.

Mr. SUNDQUIST. Would you for the record submit a letter to us outlining whether you have ever investigated an alternative above-ground marker that would be of a design that might perhaps have an overhang and you could cut underneath it. I think there are all sorts of innovative ways of doing things.

The point I want to make, Mr. Chairman, is that I think the testimony is a little misleading. However, I don't think it's on purpose.

Mr. SHELBY. If the gentleman would yield, I think your point is well taken. I think the VA should investigate this. Just because the granite and marble people have been doing something a certain way for a hundred years doesn't mean, with a different model, with a different scale of engineering, considering weight or overhang, as the gentleman from Tennessee has indicated, if it couldn't be done a little different to distribute the weight. I don't know, but I do like what the gentleman has brought out and I appreciate him yielding.

[Subsequently, the Veterans' Administration provided the following information:]

ALTERNATIVE DESIGN OF UPRIGHT MARKERS

The Veterans' Administration will undertake a study to determine if there are alternatives to the present design or material of upright headstones that would alleviate the problems experienced with sinking and tilting due to heavy concentration of weight. We will provide the Committee with the results of our study by September 30, 1984.

Mr. SUNDQUIST. I just have one more question, Mr. Chairman.

Mr. O'Toole, in your testimony, again saying the costs have not gone up, as my colleague said, and then saying from 1980 it has gone up, when the last increase was granted——

Mr. O'TOOLE. Mr. Sundquist, I don't think we want to indicate that the cost of housing has not gone up. What was said was the cost of housing has stabilized——

Mr. SUNDQUIST. What's the difference?

Mr. O'TOOLE. Indicating that the cost increases are not what they were earlier. Certainly there have been some increases, but they haven't been the large percentage increases we were experiencing in the 1970's.

Mr. SUNDQUIST. The other question I have, you said the average is not at the maximum.

Mr. O'TOOLE. Right.

Mr. SUNDQUIST. How could the average be at the maximum unless everybody was at the maximum? When it gets close to the maximum, that indicates we've got a problem, it would seem to me.

Mr. O'TOOLE. That's right, but the average is at 37 percent of the maximum, the maximum being 50 percent.

Mr. SUNDQUIST. Which means the range is what, then? The top of the range is 50, obviously.

Mr. O'TOOLE. That's right. But the indication would be how many are we not servicing because the maximum isn't high enough.

Mr. SUNDQUIST. That's the question. What's the mean figure? That's the information we need. How many are we not servicing because of that?

Mr. O'TOOLE. I don't have that here. We can certainly get that for you.

Mr. SUNDQUIST. I would appreciate it.

Thank you, Mr. Chairman.

[Subsequently, the Veterans' Administration provided the following information:]

In fiscal year 1983, 428 grants were approved for severely disabled veterans to build, buy or remodel a specially adapted house to meet their needs. The average cost of a newly constructed or an existing specially adapted house was $87,820, but 37 percent of these homes cost $100,000 or more—some more than $150,000.

The specially adapted housing grant contributed an average of 37 percent toward the funds needed by the veteran to purchase his or her specially adapted house in fiscal year 1983.

There is no data available that would provide a statistically significant estimate of how many veterans who are eligible for the grant have not used it because they believe that the maximum amount of the grant is not sufficient.

Mr. SHELBY. The Chair recognizes the gentleman from Florida, Mr. Bilirakis.

Mr. BILIRAKIS. Thank you, Mr. Chairman.

Sir, I apologize for my tardiness.

Mr. SHELBY. You weren't the only one.

Mr. BILIRAKIS. I do have a very short opening statement and I would appreciate that being inserted in the record.

Mr. SHELBY. It will be placed in the record, without objection, and the gentleman will be recognized for any questions or comments he might want to make.

[The statement of Mr. Bilirakis follows:]

STATEMENT OF HON. MICHAEL BILIRAKIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, I join you in welcoming our witnesses from the Veterans Administration and from the various veterans organizations here this morning and I look forward to the testimony you will be presenting.

Anyone who has had reason to enter the real estate market in recent years knows well the tremendous increases in housing costs that have occurred. If this subcommittee and the Congress were to remain passive, and fail to adjust the V.A. home loan program to reflect these increased costs, the result woud be an erosion of benefits for veterans as harmful as any active effort to reduce assistance to veterans could be. It is, therefore, incumbent upon us to make necessary adjustments in the VA's housing assistance program to ensure that the dream of homeownership stays within the grasp of the men and women who have served this country.

The choice of grave markers is also an important issue for veterans and their families and one on which we need a sensitive and workable policy. I am confident that the testimony we will hear today will help us determine what changes may be necessary to ensure that the graves of veterans are marked in a dignified and appropriate manner.

Mr. BILIRAKIS. Mr. Bannai, very briefly, what is the history of these markers? Is it a VA policy now that the markers be flat?

Mr. BANNAI. In new cemeteries.

Mr. BILIRAKIS. In new cemeteries?

Mr. BANNAI. Yes. We still furnish upright markers on request, in private cemeteries, as I indicated, which about 10 percent are still uprights. We also furnish them in cemeteries where we have uprights. For instance, the upright marble, in 10 years the demand has diminished very, very little because we are still furnishing them in the cemeteries that are open, the older cemeteries.

For instance, in Mississippi we have two cemeteries which are upright and we have one which is totally flat. In the cemeteries which have the uprights, we still furnish the same marble upright markers. The flat cemetery, which is at Biloxi, was originally started with flat markers and we will remain with flat markers.

At the present time, we ship more bronze markers, flat markers, than any other type of marker. We also, upon the request of congressional delegations from the State, furnish slate, and we have in our regulations that it can be of any material if they so desire. If that cemetery will accept them, they can make them out of plastic, out of wood, or whatever it may be. But on the slate situation, over the several years that they have been available, there were only 27 orders that came in for slate. At one time there was a move on for the discontinuance of marble, but there are two States that produce a tremendous number of our marble uprights, and as a result of that—as you know, you want to protect the products of your State. As a result, we were told to furnish more marble uprights. So, regardless of what we go to, I think we may have to, for instance, furnish granite, which is a harder substance and will last longer and will not discolor as the marble. So there are competing things. But we will still look at other ways or materials for markers and we would put them on the list. If the person wants to order them, we can use them and deliver them to the cemeteries which will accept them, I am sure that we would be happy to do so.

Mr. BILIRAKIS. Well, if Congress decides to direct that upright markers be used, will you then feel obliged to look into alternative ways to furnish those upright markers and still do it in such a way that would take away a lot of the inconveniences?

Mr. BANNAI. We are still ordering uprights and it would not be too much——

Mr. BILIRAKIS. No; I mean in terms of maybe changing the design and getting back to Mr. Sundquist's thought. Will you feel obligated to do that?

Mr. BANNAI. Well, I think that is the intent of the legislation.

Mr. BILIRAKIS. Your real world will be that Congress dictates, mandates, an upright marker, but your real world also would encompass the problems that you have mentioned here, the mowing and all these other things——

Mr. BANNAI. Yes.

Mr. BILIRAKIS. So, taking all that into consideration, you will not be provincial and you will look into maybe changes in design and whatnot, maybe the use of different materials.

Mr. BANNAI. Very much so. The historical start of the markers, the reason that we have so many unknown graves, is that originally when the cemeteries were started during the Civil War they were marked with wooden markers. You know, wooden markers deteriorate very quickly. Subsequent to that there were other efforts made to mark graves in other battles subsequent to that. But evidently marble seemed to be a permanent, good-looking material that would last.

Also, the type of marker has been changed on many occasions. If any of you go to any of our cemeteries, you can recognize immediately those markers which mark the grave of a Confederate soldier, those that are marked the Spanish-American War veterans, that and the Civil War. So there has been some changes.

But the traditional upright marble marker now has been in existence for a great number of years. The size has been increased. It's a little thicker. But basically the appearance and shape is exactly the same as it has been for a great number of years.

Mr. BILIRAKIS. Mr. Chairman, I guess the point I was making there is that if a decision is made to mandate the upright markers, that, since we are all so cost conscious, it is incumbent upon us to make sure that alternative routes are looked at to be able to satisfy that requirement, but also——

Mr. SHELBY. If the gentleman would yield, I believe you are absolutely right.

Mr. BANNAI. I believe Mr. Smith mentioned about the veterans organizations. All national veterans organizations are not for upright markers and they have not told us they oppose our current policy at the national level.

Mr. BILIRAKIS. Mr. Bannai, I come from the South and we don't have many snow problems in Florida. But I have only had two or three veterans contacting my office insisting on this bill, but this doesn't mean it is not taking place in other parts of the country. I am very anxiously awaiting the comments of the veterans' organizations who are here.

I would ask just one question in another area. Mr. O'Toole or Mr. Hagan, do we anticipate a large or even any bottom line cost to the taxpayers by increasing these loan guaranty amounts?

Mr. O'TOOLE. Our estimate, Mr. Bilirakis, is that the increase in the amount of the guaranty from $27,500 to $30,000 will cost about $2.3 million over 5 years.

Mr. BILIRAKIS. Because of the additional losses we would have?

Mr. O'TOOLE. As you increase the amount of the guaranty, you increase what our exposure is when those loans go to foreclosure.

Mr. BILIRAKIS. Exposure, right.

So it would be a result of the increased exposure which means loses as a result of foreclosures.

Mr. O'TOOLE. Right.

Mr. BILIRAKIS. My thinking is, sir, that while I'm not really sure what the statistics say, I do think from the grassroots level that there certainly has been an increase in housing costs. Just recently we've had an increase in the prime rate alone, so there is also an

increase in housing costs there. So I would say, since it has been since 1980, it is now time to maybe take a look at increasing those figures.

We have talked about this foreclosure procedure in some of our hearings, Mr. Chairman, and hopefully, if the VA would be more efficient in that area, possibly we may not have quite the losses that we have had in the past, by trying to mitigate some of the damages and whatnot.

Thank you.

Mr. SMITH. Mr. Bannai, you indicated that some of the veterans' organizations are not in favor of the upright marker. We do have several witnesses who will follow you, from the VFW, the DAV, the Non Commissioned Officers Association, the Vietnam Veterans of America, and other groups. What groups are against it?

Mr. BANNAI. Against the uprights?

Mr. SMITH. Yes.

Mr. BANNAI. I don't think anyone is against the upright. The position they have taken is the position that the VA is in now, that in cemeteries where we have uprights, we will continue. But in places which are new cemeteries, we will go to the flat markers.

Mr. SMITH. But they would not be opposing the legislation before us today?

Mr. BANNAI. I really don't know their position on the legislation itself. The legislation says to replace the flat markers with uprights.

Mr. SHELBY. The Chair recognizes the gentleman from Ohio, Mr. Applegate.

Mr. APPLEGATE. No questions, Mr. Chairman.

Mr. SHELBY. Thank you.

We appreciate your coming up as a panel, and we will look forward to receiving the information which some of the members requested.

Mr. BANNAI. We thank you for your time.

Mr. SHELBY. Our next two panels will appear together. We have Mr. Stephen Edmiston, deputy national legislative director, Disabled American Veterans; Mr. Bob Moran, associate legislative director, Paralyzed Veterans of America; Mr. Philip Mayo, special assistant, Veterans of Foreign Wars; Mr. Richard Johnson, director of legislative affairs, The Non Commissioned Officers Association of the United States; Mr. Richard Weidman, director of government relations, Vietnam Veterans of America; and Mr. Ralph Spencer, American Veterans Committee.

Mr. Edmiston, do you want to lead it off. Your written testimony will be included in the record. Since we have six witnesses, I would appreciate it if you could briefly sum up your remarks as we're going into session shortly. This will give us an opportunity to ask questions.

Thank you, Mr. Edmiston.

STATEMENTS OF STEPHEN L. EDMISTON, DEPUTY NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS; RICHARD F. WEIDMAN, DIRECTOR OF GOVERNMENT RELATIONS, VIETNAM VETERANS OF AMERICA; PHILIP R. MAYO, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES; BOB MORAN, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA; RICHARD W. JOHNSON, JR., DIRECTOR OF LEGISLATIVE AFFAIRS, THE NONCOMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA; AND RALPH E. SPENCER, NATIONAL BOARD MEMBER, AMERICAN VETERANS COMMITTEE

Mr. EDMISTON. Thank you, Mr. Chairman. It is a pleasure to be here this morning on behalf of the more than 860,000 members of the DAV to comment on the pending legislation.

Initially, Mr. Chairman, we would like to thank you and the members of the subcommittee for your hard work and efforts in the housing and memorial affairs programs.

With respect to the pending legislation regarding H.R. 4685 and H.R. 5367, proposing to increase the maximum amounts of specially adapted housing assistance for certain seriously disabled service-connected veterans, and to increase the maximum amount of VA loan guaranty entitlement available for conventional and manufactured housing, the DAV strongly supports their favorable consideration by the subcommittee and, indeed, the entire Congress.

With respect to H.R. 4686, the legislation that would require upright grave markers in all national cemeteries, the DAV has no official position. However, as the bill appears to be as equally restrictive as the VA's current policy, requiring only flat ground-level markers, the DAV would recommend that the subcommittee explore further the feasibility of providing several national cemetery grave marker options for the survivors of deceased veterans rather than just one.

That would conclude my remarks, Mr. Chairman. Again, thank you for allowing us to be here this morning.

[The statement of Stephen L. Edmiston appears at p. 16.]

Mr. SHELBY. Mr. Weidman, do you want to go next?

STATEMENT OF RICHARD F. WEIDMAN

Mr. WEIDMAN. Thank you, Mr. Chairman. We appreciate the opportunity to present our views here this morning.

I would just note for the record that the Vietnam Veterans of America would applaud your leadership and this committee concerning the positive action for moving to preserve the viability of the home loan programs. We do endorse H.R. 4685 and H.R. 5367 because we believe that these measures, as written, are a prudent move in the right direction.

We would hope, Mr. Chairman—and I am not going to go into all four of our recommendations now—but I would hope that you and the staff would consider these four further recommendations that we had in the future having to do with strengthening the program.

Mr. SHELBY. We will consider them. I think I speak for most if not all the members of the committee, and the subcommittee, too,

that we do try to work with the veterans service organizations and the groups because I think we feel, for the most part, that you have a stake in it and you have an unbiased stake to a certain degree. A lot of you have spent so much time trying to see that a lot of the veterans are protected and taken care of. I commend you on that and we will consider your proposals.

Mr. WEIDMAN. Thank you, Mr. Chairman.

[The statement of Richard F. Weidman appears at p. 49.]

Mr. SHELBY. Go ahead.

STATEMENT OF PHILIP R. MAYO

Mr. MAYO. Thank you, Mr. Chairman. Our statement I think reflects adequately our positions on the measures before the subcommittee. We support their enactment.

Without further ado, I will respond to questions that you may have.

[The statement of Philip R. Mayo appears at p. 56.]

Mr. SHELBY. Mr. Moran.

STATEMENT OF BOB MORAN

Mr. MORAN. Thank you, Mr. Chairman.

First of all, PVA would like to compliment you and the subcommittee and its members for the ongoing efforts to improve the effectiveness of these most important programs that affect our nation's veterans. Veterans are, indeed, fortunate to have available to them VA housing programs which can assist them in purchasing adapted housing.

PVA supports H.R. 4685, a bill which provides an increase in the maximum amount of home loan guaranty value. PVA strongly supports the language contained in H.R. 4685, a provision which increases from $32,500 to $35,000 for specially adapted housing.

It is an understatement to say that the cost of housing has increased dramatically. The average cost of a new specially-adapted home in 1976 was $57,000; today that same house costs over $90,000. PVA has emphasized the importance of providing catastrophically disabled veterans with opportunities to rebuild their lives to the fullest extent possible. Frequently, certain eligible veterans do not use the specially adapted housing grant but elect to purchase new or used housing. Consequently, older homes must be remodeled so they will be accessible. PVA supports increasing the grant from $5,000 to $6,000 for adapting existing homes for the accessibility of disabled veterans.

That concludes my testimony.

[The statement of Bob Moran appears at p. 58.]

Mr. SHELBY. Mr. Johnson.

STATEMENT OF RICHARD W. JOHNSON, JR.

Mr. JOHNSON. Thank you, Mr. Chairman.

NCOA also shares with the committee its thanks for the efforts that the committee and its staff has made this year to keep the veterans housing program competitive. Toward that end, we believe it is necessary to adopt the legislation under consideration by the

committee today, just to maintain the competitiveness of the veteran in the housing market.

In closing, we also support the placement of upright headstones in national cemeteries, and that has been covered more fully in my prepared statement.

Thank you, Mr. Chairman.

[The statement of Richard W. Johnson appears at p. 62.]

Mr. SHELBY. Mr. Spencer.

STATEMENT OF RALPH E. SPENCER

Mr. SPENCER. Thank you, Mr. Chairman, for the opportunity to present our views on the proposed legislation. The American Veterans Comittee supports House Resolutions 4685, 5367, and 4686.

We do have one suggestion with regard to the placing of markers. Too often in the past in cemeteries that are not national cemeteries, the VA has provided markers, but they are stored up by some shed or outside because the veteran's family is unable, or the cemetery is unwilling, to defray the cost of placing the marker over the veteran's grave. We would suggest that the legislation should provide for the placing of markers over veterans' graves in those cemeteries which are not necessarily national cemeteries. We believe the veteran deserves this measure of respect.

Thank you, Mr. Chairman.

[The statement of Ralph E. Spencer appears at p. 18.]

Mr. SHELBY. Thank you for being brief. I know many of you have testified here before, and you have a lot of friends on the committee.

Let me just ask all of you if you basically support the thrust of our legislation?

[Panel nodding affirmatively.]

It was indicated a few minutes ago to Mr. Smith, the ranking minority Member from New Jersey, by the VA regarding this, that some of the veterans' organizations opposed this bill. Does anybody at this table representing the various groups oppose this legislation?

Mr. MAYO. No, sir, Mr. Chairman.

Mr. SHELBY. OK.

Mr. MORAN. PVA, on the upright markers, we don't have an official position such as DAV, but we would say to the subcommittee there are other alternatives that should be considered.

Mr. SHELBY. Explored?

Mr. MORAN. Explored, yes. Mr. Bilirakis of Florida was talking about the cost of replacing existing flats. I didn't understand that, but there is a cost involved and that would have to be taken into consideration. But we do agree with the subcommittee, that other alternatives should be explored.

Mr. SHELBY. The Chair recognizes the gentleman from New Jersey, Mr. Smith.

Mr. SMITH. Mr. Chairman, just a point of clarification. It is my understanding that the upright legislation does not require the replacement of current flat markers. I noticed the NCOA testimony indicates that they would not want to see that and I want to assure you that the legislation would not require that.

Mr. BILIRAKIS. Excuse me. Would the gentleman yield?

Would you repeat that, please?

Mr. SMITH. The legislation does not require replacement of existing flat markers with upright markers. In some of the testimony we have in written form here today, it indicates a concern about that. I just wanted to assure the gentlemen——

Mr. SHELBY. If the gentleman would yield, it is prospective in nature. It is my understanding the legislation is prospective.

Mr. BILIRAKIS. But the legislation, if you will yield further, does dictate and require no choice; it is strictly an upright marker?

Mr. SMITH. That's correct.

Mr. BILIRAKIS. Regardless of whether the families might prefer a flat marker, is that correct?

Mr. SMITH. I think some of the reasons for that would be obvious, the uniformity and the maintenance costs which would be associated with two different types or other types of markers.

I do have one question for Mr. Moran. You indicate on page 3 of your testimony that the average cost of new, specially adapted homes in 1976 was $57,000, but today the same homes cost over $90,000. Do you happen to know what the cost was in 1980? Again, that was the last year that the adjustment was made and would be the baseline, to see how much they have increased in 4 years?

Mr. MORAN. I have that figure, but I don't have it with me.

Mr. SMITH. If you could provide that for the committee, I certainly would appreciate it.

Mr. MORAN. I would be glad to.

Mr. SMITH. I yield back the balance of my time, and I thank the gentlemen for their testimony.

Mr. SHELBY. The Chair recognizes the gentleman from Tennessee, Mr. Sundquist, for any questions or comments.

Mr. SUNDQUIST. Thank you, Mr. Chairman.

Mr. Edmiston, in your testimony you said you think we ought to look at options for families. Would you comment on that further?

Mr. EDMISTON. Yes, I would. We have received comments from the families of deceased veterans. One of the concerns raised by the families is that they have no choice. If the veteran is buried in a national cemetery, it is either a flat marker or, if it's an older cemetery, it could be an upright marker. Many of the families feel they should have a choice of the marker that they would like to memorialize their loved one. That is what we are suggesting, that maybe the subcommittee explore whether it would not be feasible to have a variety of markers in a national cemetery. I don't know if that is a possibility, whether it could be divided into sections or how that might be handled. But we just wanted to relate that concern that we have heard from families.

Mr. SUNDQUIST. I wasn't quite sure I understood what you were saying, whether it was the type of upright markers, that they wanted a different type, or whether they wanted both flat and upright. From what you are saying now, they would like both.

Would that not affect the appearance of the national cemetery in terms of the beauty?

Mr. WEIDMAN. In fact, that could. That's why I commented that possibly the cemetery could be divided, where there would be areas for upright markers and areas for flat markers, and so forth.

Mr. SUNDQUIST. Would any of the other gentlemen like to make a comment on that?

Mr. JOHNSON. We have no particular objection to the apportionment of cemeteries for the distribution of markers, upright in one area and flat in another area. But as an organization, composed largely of military personnel and career military personnel, we tend to like the regimentation and, therefore, we have a certain fondness in the appearance of a cemetery that has upright markers, which is what led to the support for the legislation. But again, if there were apportionment so that you did have a somewhat regimented and uniform appearance, with uprights in one area and flats in another area, I do not believe NCOA would object.

Mr. SUNDQUIST. Thank you.

Mr. MAYO. The VFW's views would be very similar to what Mr. Johnson just stated. Comments from our membership have been directed more at opposition to not having the upright marker. Other alternatives haven't been the thrust of the criticism, so I couldn't say that our membership at the moment, would be opposed to other alternatives.

Mr. JOHNSON. Like Mr. Mayo, we have never had any complaint about the flat stones or the lack of ability thereof, but we have had a lot of complaints about—well, I say a lot. It's relative. But we have had complaints about the lack of availability of upright markers.

Mr. SUNDQUIST. Thank you.

Mr. Chairman, only one other comment—and I know we're going to be addressing this at a different time. I keep having concerns about the regional concept cemetery, the fact that we are having space problems that are long term. I know that is a whole other subject.

Mr. SHELBY. If the gentleman will yield, you have an interest in one in Tennessee.

Mr. SUNDQUIST. I absolutely do, in Memphis. There is concern that families are going to have to go too far to the graves. I think that's another day's comments, but I do appreciate, Mr. Chairman, the opportunity to ask these questions. Thank you.

Mr. SHELBY. The Chair recognizes the gentleman from Florida, Mr. Bilirakis.

Mr. BILIRAKIS. Thanks, I think, Mr. Chairman.

First, Mr. Johnson, as you probably know, I am a member of NCOA and I have been told by my people down there that I am the only Member of the House of Representatives who is. I don't know whether that's true or not, but I am very proud to have been a noncommissioned officer.

Mr. Edmiston hit on it, and it was a point I had thought about previously and then just failed to bring it up. You know, I am concerned that our veterans now apparently do not have a choice on whether they want an upright marker or a flat marker. So I am just as concerned that under this legislation that they also would not have a choice between an upright marker or flat marker. I don't know that we can answer for all of our veterans and say that we know they would insist on an upright marker.

At the same time, there is the concern about lack of uniformity, appearance, and that sort of thing, and if you've got flat markers

and upright markers side by side that would be a problem and something distasteful to us.

Yet we do know there is certainly the flexibility—and Mr. Bannai is still here, and I am happy to see that he and Mr. O'Toole and Mr. Hagan still are—I think they have the flexibility maybe to assign sections of cemeteries, where this section would be a flat marker section and this would be an upright marker section and whatnot.

I am just concerned. You know, sometimes the cure turns out to be worse than the disease. I just wonder if we aren't going from one extreme to another here and there will be veterans who would prefer flat markers for whatever reasons and we're taking that away from them because the legislation clearly says "shall." That's in black and white and its a mandate.

Comments, please.

Mr. MORAN. One comment in relation to that, and I agree with the idea that they can have a choice. Being a former county service officer and ordering a lot of these stones for survivors of veterans, and not being that familiar with the national military system, I would say if you go into regionalization the flat bronze marker is a very popular marker and we could see areas where those sections would be filling and then the uniformity would be greater than what it is now.

Mr. BILIRAKIS. Are you agreeing with me, sir, that you feel they should have a choice?

Mr. MORAN. Yes.

Mr. BILIRAKIS. So basically what you're saying is you're agreeing that this legislation would take that choice away from them?

Mr. MORAN. Yes, in a sense, and not having a mandate from my membership. But yes, I have a tendency to agree with that.

Mr. EDMISTON. Mr. Bilirakis, of course the DAV does share those views with you because we feel that it is the families we are really talking about here and they should have that choice. Certainly the fact that you pointed out we are going from one extreme to the other here, from flat markers to upright markers, could be just as bad as what we currently have.

Mr. SPENCER. I think we need to assess the question of how important is it to have a fitting memorial to our veterans. Anyone who has been to some of the overseas memorials—I think in particular the memorial just outside of Luxumberg where General Patton is buried, and the serene appearance of that particular cemetery, with its regularity of the crosses or the stars, is most inspiring. From that standpoint, I don't think you can have half upright markers and half flat markers, and certainly it wouldn't be sensible to disinter bodies to divide them into an upright and a flat section. Perhaps the committee needs to decide then whether the fitting memorial aspect of this is more important than the choice of the veteran's family or whether it is the reverse.

Mr. BILIRAKIS. I don't see how anyone can disagree with that statement in terms of the fitting memorial. But I suppose, again, fitting memorial is a very subjective thing, isn't it? It's sort of in the eye of the beholder, so to speak. I certainly would not want to be accused by veterans groups of not wanting to go along with a

fitting memorial. But again I am concerned about the choice aspect.

It makes it very difficult. That's why I prefaced my remarks to the Chairman by saying "thank you, I think," because I planned to bring this up and I didn't want the impression to be an erroneous one.

Mr. SHELBY. If the gentleman will yield. As I told him, this is a legislative hearing and he has a right to bring it up. I think it is something we ought to consider when we mark up—in a few minutes. If we can favorably move the bill, I will move it contingent upon your having an opportunity to offer an amendment to the full committee.

Mr. BILIRAKIS. I appreciate that. It certainly takes the pressure off of me from having to make a decision here today on an amendment, but I would like to hear from the rest of the veterans groups on it and possibly maybe even Mr. Bannai again, if he wouldn't mind.

Mr. MAYO. Mr. Bilirakis, our opposition is primarily to not having an upright marker. I do not know that we would be opposed to flat markers altogether, or to the division of cemeteries. The only way I can address that is our current resolution speaks to the esthetic point that the gentleman made earlier, about the rows and how esthetically motivating, if you will, it is.

Mr. BILIRAKIS. I would certainly oppose even the thought, sir, unless I were certain that maybe they were set up in different sections, because I do think the esthetics would be very badly damaged if we had them all in the same area, with one flat and then another upright and whatnot. So that would be my thought. In fact, if we amended this bill, I would crank that right into the bill so as not to leave anything to chance, because that would be very injurious to the overall thing if we did otherwise.

Any further comments, Mr. Weidman?

Mr. WEIDMAN. I was just going to say the Vietnam Veterans of America does not have an official position on this, Mr. Bilirakis, but we would tend to agree with the DAV, that the choice be made in separate parts of the cemetery. If it were landscaped in such a way with divisions by using trees, et cetera, then you could keep the uniformity. We would point out that all the current cemeteries would not be uniform because if we went to upright markers, they already have flat markers, and as I understand the provisions of this bill, it would not replace existing markers with uprights. So that if the current area where most burials are taking place were flat, and then a new area was started with the uprights for those who so chose to do that.

I would comment that in Vermont recently there was a public hearing this past winter and there were strong feelings on both sides by the families. There is hardly any place in this country that receives more annual snowfall than northern Vermont.

Mr. BILIRAKIS. So there were strong feelings on both sides?

Mr. WEIDMAN. Yes.

Mr. BILIRAKIS. Thank you, sir.

Mr. Johnson.

Mr. JOHNSON. As you said, Mr. Bilirakis, it is an emotional issue, and one that is going to impact on each person differently. As I

have said, NCOA is primarily a military organization and thus appreciates the regimentation of uniformity throughout the cemetery system. But also, as I said, I do not believe the NCOA would object to an amendment directing the VA to apportion cemeteries for the placement of different types of markers.

Mr. BILIRAKIS. Would it be proper, Mr. Chairman, if we asked Mr. Bannai if he would care to make any comment on this matter?

Mr. Bannai, I hate to put you on the spot again, but I would certainly be very interested in your comments.

Mr. BANNAI. Well, I have listened for a little while and I am sure that you have heard some comment from various veterans organizations. Some like uprights because they're beautiful. I think some like flat park-like because they are beautiful. I think everything is in the eyes of the beholder. I think if more people visited our cemeteries, then they would be able to comment more on how they feel about whether they want them all flat or upright.

If you are interested in getting the views of the veterans in total, rather than passing the legislation without real input from the total veterans organizations and their resolutions, this could be further considered at the national organization meetings. They are going to meet in July and August. They will be able to take it up and give you a resolution from the total body and their support, one way or the other.

At that particular time I am sure they will discuss exactly what you have considered: Do you want to mandate all uprights in all of our national cemeteries? Do you want to do that and then let the veterans' organization themselves decide on the legislation?

You have heard comments relative to support and nonsupport or neutral on this legislation. I think part of it is due to the fact that the organizations themselves have not had an opportunity to really look at the implications of this, implications to the veterans and to their families. I think it would be much better if you would allow the veterans' organizations, who you are trying to help, to look at the legislation and get some input from them.

We're amenable. If they want all uprights, if they want all flats, they want them mixed, whatever their solution, we are listening.

Incidentally, the reason we came to this particular situation of having flats, bronze, and uprights, is because we have a very, very good advisory committee, made up primarily of past veterans organizations' commanders and people that are knowledgeable in this industry. We depend on them a great deal for the input we get. The use of flat markers resulted from their studies. So we don't make those decisions solely within the VA or Memorial Affairs ourselves.

I think it would be very valuable, while you've got these people, to let them take it back and to let their organizations study it, and then let them bring you a resolution. That might be a satisfactory way to approach this proposal.

Mr. SMITH. Would my friend from Florida yield?

Mr. BILIRAKIS. Yes.

Mr. SMITH. Mr. Bannai, earlier Mr. Johnson referred to the idea of apportionment, that part of the cemetery would be flat and the other part would have upright markers. Could you comment on the feasibility of that, because obviously in many of our cemeteries we

already have some kind of mix. You know, they are not all upright and not all flat in every cemetery, so there already is that existing condition.

Mr. BANNAI. True, and then if you do that, who is going to decide? Do you want us to decide how to apportion it or do you want the family to determine what kind? Do they want marble upright; do they want marble flats, granite flats, or bronze? I think you have to look at that. Do you want the family to decide that?

Mr. SMITH. My thought would be only as far as is humanly possible. All options cannot be made available in every situation.

Mr. BANNAI. Anything that you legislate is possible because we would have to do it. What I'm saying——

Mr. SMITH. No, that's not what I'm saying. I am saying that in a given cemetery a certain amount of options would be available, given the space availability and what kind of situation exists at that cemetery. What I am suggesting is that the legislation, if it were amended by Mr. Bilirakis or someone else on the committee, could provide that kind of flexibility for the local cemetery authority to make that decision. In some cases it would be out of the question. We can't offer every option to every veteran.

But what we are trying to do—and Mr. Edmiston and others have made that suggestion—that there is a concern about this and the choice would then be there. Meanwhile, the upright would be authorized again. That, I think, is the main thrust of this legislation.

Mr. BANNAI. It always has been. It has never been disauthorized. About 35 percent of all headstones in our cemeteries, in our national cemeteries, are uprights. In the private sector, it is only 10 percent.

Mr. BILIRAKIS. Yes, but in new cemeteries right now, it is not authorized.

Mr. BANNAI. We have gone to flats, in both the granite and bronze.

Mr. BILIRAKIS. My contemplation, sir, would be that the families would make these decisions within the realm of what is established, consistent with the way it is now, whether it be granite or bronze or whatever the case may be. But it is workable and it is something the VA would go along with, not because we're shoving it down their throats but because it is a very feasible type of thing and——

Mr. BANNAI. Yes, it is feasible.

Mr. BILIRAKIS [continuing]. And it's workable. You will have different sections.

Mr. BANNAI. Again, we would probably oppose it, but then it is feasible.

Mr. BILIRAKIS. You would probably oppose it.

Mr. BANNAI. Yes. There is a tremendous cost factor. My main mission is to bury as many veterans as we can in the national cemeteries. When you impose on us taking away space—right now, when we went to the 4 by 8 gravesites, we have opened up 36 percent more grave space for veterans in areas where veterans are unable to be accommodated. As a result, I think that has to be looked at very, very closely.

Mr. BILIRAKIS. I imagine you can probably redesign——

Mr. BANNAI. Someone mentioned about the regional concept. I don't feel that the regional concept that was passed by Congress has worked. We have beautiful cemeteries, but the distance factor is a handicap to the families who wish to inter their veteran. If we are going to open cemeteries close to population areas, where land is expensive, we ought to seek every means in order to increase the number of gravesites that we can have in that particular area.

When you pass legislation which takes away from that, then I think it is not doing what my particular job in the VA is trying to do.

Mr. BILIRAKIS. Well, that concerns me, sir. Of course, probably some of what you say is referred directly to me because we are hopeful of getting a cemetery in our area some time soon. But again, we have got to be concerned with these veterans who have earned so very much. This is the only common denominator that we have to say thank you to these veterans. Every veteran does not take advantage of the GI bill, or every veteran does not take advantage of the school loans, or whatever the case may be. This is the only common denominator for every veteran. I think that is something we can't overlook and I am concerned about it.

Mr. BANNAI. Right. If you could allow the veterans groups—I sincerely don't think they have the complete voice of their—someone mentioned 860,000 veterans, et cetera. I think they ought to go back and get that. Then you will be able to get a true sense.

Incidentally, when you do this, you remember that we only, in our national cemeteries, take care of 10 percent of the veterans and their families. There are 90 percent out there that go to private cemeteries, Catholic cemeteries or other cemeteries, where they have absolutely no choice, no choice.

Mr. BILIRAKIS. And it is a fact that the majority of the newer cemeteries are flat stones, there is no question about that.

Mr. BANNAI. That's right. When they go to a private cemetery, they do not have a choice. So what you are doing, for our 10 percent in the national cemeteries, you are going to give them a choice.

[Subsequently, the Veterans' Administration provided the following additional information:]

There may be significant cost implications in affording a choice between upright and flat markers. Each cemetery would have to be reviewed to see if it is feasible to establish two separate sections for flats and uprights. In order to do this, there may be some initial additional land development needs. This would require further study before we could support it.

Mr. SUNDQUIST. Would the gentleman yield?

Mr. BILIRAKIS. I would yield.

Mr. SUNDQUIST. I just had one comment. Mr. Bannai, you go back to the implication that we're going to take up more room with a different headstone. That is just not true, and the implication you just gave a few minutes ago was that we're going to take up more space. A few minutes ago when I asked you that question, you said that's not true.

Mr. BANNAI. I will present the argument in writing to you on why we have done away with uprights when we went to a 4 by 8 gravesite. It is a tremendous amount of burden to put that upright, 230 pound headstone, on the newly dug 4 by 8 gravesites. I will

send you that in writing so that all of the committee can see how the advisory committee, as well as ourselves, arrived at that, and as well as the Catholic Cemetery Association and the private industry has arrived at the same conclusion.

[Subsequently, the Veterans' Administration provided the following information:]

USE OF UPRIGHT HEADSTONE ON 4 FOOT BY 8 FOOT GRAVE SIZE

For many years a 5' x 10' or 6' x 10' grave size was used in national cemeteries. This grave size allowed a reasonable amount of space between headstones to prevent a crowded appearance, and permitted the use of standard 36" commercial mowers to pass between the stones.

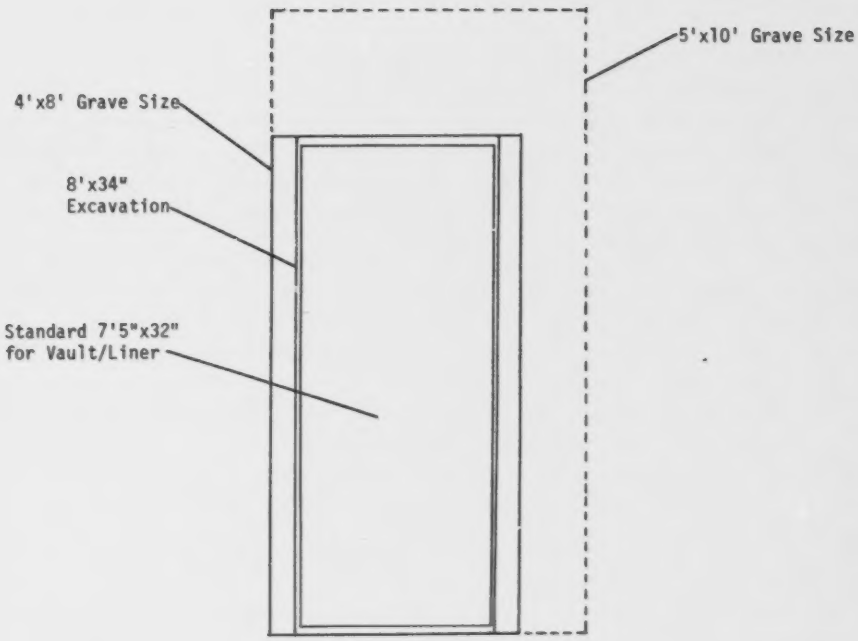
To improve land management techniques in national cemeteries, the VA reevaluated previous grave size policy, and in 1982 established a new standard grave size of 4' x 8'. The typical grave size in the private sector is actually 3' x 8'. VA determined that a slightly wider size is preferable, in order to lessen the possibility of cave-ins, accidents and safety hazards. The 4' x 8' grave size results in a savings of 18 square feet or 36% over the 5' x 10' grave size. The gravesite yield per gross acre increases from 840 for the 5' x 10' grave size to 1312 for the 4' x 8' grave size, an increase of 55%. The 4' x 8' grave size assures fuller, more economical use of cemetery lands, extends cemetery longevity, and provides maximum availability of cemetery space to eligible veterans and family members.

Flat markers are preferable to upright headstones on the 4' x 8' gravesize in order to avoid a crowded appearance and to reduce operating and maintenance problems—when using standard upright stones on a grave 4' wide, the distance from edge to edge of a headstone is 34 inches, which makes it impossible to cut grass between the headstones with a standard 36" mower.

Another problem which flat markers alleviate when using a 4' x 8' grave size relates to soil settlement and the need to raise or realign stones that sink or tilt when placed on disturbed soil. A standard gravesite excavation is 8' long and 34" wide, and provides an opening large enough for commonly used vaults or liners measuring 7'5" x 32". Thus, any memorial on a 4' x 8' grave site will be placed on soil that has been disturbed. A 5' x 10' grave size permits two extra feet for placement on soil that has not been excavated.

Standard upright headstones measure 42" x 13" x 4", weigh approximately 230 lbs., rest on an area of 52 square inches, and have a bearing weight of 4.4 lbs. per square inch. Flat granite markers measure 24" x 12" x 4", weigh approximately 130 lbs., rest on an area of 288 square inches, and have a bearing weight of less than ½ lb. per square inch. Even though gravesites are backfilled and tamped to provide a soil density of 95% compaction, the standard upright headstone will slough off into the gravesite because of the weight to foundation ratio. The flat marker has a more favorble weight to foundation ratio and therefore can be better supported by the unstable soil of the gravesite.

ILLUSTRATION -- 4'x8' vs. 5'x10' GRAVE SIZE



Mr. SUNDQUIST. One last question. Are you saying you cannot put a headstone in a 4- by 8-foot grave?

Mr. BANNAI. You mean an upright?

Mr. SUNDQUIST. An upright.

Mr. BANNAI. Yes, you may.

Mr. SUNDQUIST. Thank you.

Mr. BANNAI. But from the standpoint of maintenance, it is much more difficult.

Mr. SMITH. Would the gentleman yield?

Mr. SUNDQUIST. Yes.

Mr. SMITH. The VFW, in their resolution No. 682, passed at their most recent national convention, called for this kind of legislation, so it is not a new concept that we're just floating today as if nobody has studied or or even thought about it before. It has come from the grassroots to a very large extent.

Mr. BANNAI. Yes. Incidentally, the American Legion, at their service officers conference here in Washington, DC, in March, adopted a resolution quite contrary to that. So I think it ought to go to the national organizations and let them discuss it.

Mr. SMITH. Thank you, Mr. Bannai.

Mr. MAYO. If I may respond to that, Mr. Chairman, I agree with Mr. Smith. Our national convention did adopt our official position which is in opposition to the requirement that only flat grave markers be placed. If I had to characterize what veterans have told us in correspondence and in our various meetings, I would have to say that our position, as given by those people to us, would be in favor of the upright marker.

We agree quite heartily with Mr. Bannai when he indicates—as I understood him—that the regional cemetery system isn't working. We agree heartily with that. We believe there should be a national cemetery in every State.

Mr. BILIRAKIS. Mr. Mayo, if I may reclaim my time, to quote your quote, on page 3 of your testimony, your resolution states that "immediate action be taken to have the order establishing flat grave markers in national cemeteries rescinded."

Mr. MAYO. That's correct.

Mr. BILIRAKIS. That does not necessarily mean that you want freedom of choice among the veterans?

Mr. MAYO. I couldn't draw that conclusion from our resolution. We are opposed to the order establishing only flat grave markers. It doesn't say we would not want to have the veteran or his family have a choice.

Mr. BILIRAKIS. So you're not necessarily saying that you're for uprights; you're saying you're against being dictated to, that it must be flat?

Mr. MAYO. That's correct. I didn't append that resolution to our testimony, but in the whereas portion of that resoution it very vividly describes the row on row of upright markers and the esthetic nature of that, and how pleasing it is. I echo again what Mr. Johnson had to say about that.

Mr. BILIRAKIS. Thank you.

Mr. Chairman, I am sorry I took up so much time, but it is important that we really know how the veterans feel about it.

Mr. SHELBY. I knew it was important to you.

The Chair recognizes the gentleman from Ohio, Mr. Applegate.

Mr. APPLEGATE. Thank you, Mr. Chairman. There is really not much left to say. Everything has been said over on that side of the aisle. I think they have expressed my concerns very articulately.

I would only add that I can certainly appreciate both the veterans groups, who represent millions of veterans, in their positions, and I also appreciate the Veterans' Administration for the very difficult job that they have. They are directed to try to save some dollars in the VA, to try to balance their budget and to come up with some equitable solutions. However, I think they have to really stretch in their arguments in order to rationalize their positions in these particular pieces of legislation.

I fully support the veterans organizations that are here today in support of these particular pieces of legislation. I think they are good and certainly I think if you ask the majority of people throughout the United States, as well as the veterans, they would be totally in approval of your positions, particularly on the grave marker legislation.

Thank you, Mr. Chairman.

Mr. SHELBY. Thank you.

I want to thank all of the witnesses for testifying and appearing before us today and presenting your statements.

Thank you, gentlemen.

[Whereupon, at 10:40 a.m., the subcommittee proceeded to other business.]

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APPENDIX

98TH CONGRESS
2D SESSION

H. R. 4685

To amend title 38, United States Code, to increase certain dollar limitations under Veterans' Administration housing programs.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 30, 1984

Mr. SHELBY (for himself, Mr. MONTGOMERY, and Mr. HAMMERSCHMIDT) introduced the following bill; which was referred to the Committee on Veterans' Affairs

A BILL

To amend title 38, United States Code, to increase certain dollar limitations under Veterans' Administration housing programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 802 of title 38, United States Code, is amended—

(1) by striking out "$32,500" in subsection (a) and inserting in lieu thereof "$35,000"; and

(2) by striking out "$5,000" in subsection (b) and inserting in lieu thereof "$6,000".

(b) Section 1810(c) of such title is amended by striking out "$27,500" and inserting in lieu thereof "$30,000".

(c) The amendments made by this section shall take effect on October 1, 1984.

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98TH CONGRESS
2D SESSION

H. R. 4686

To amend title 38, United States Code, to require that grave markers in national cemeteries be upright.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 30, 1984

Mr. SHELBY (for himself, Mr. MONTGOMERY, Mr. HAMMERSCHMIDT, Mr. DASCHLE, and Mr. PENNY) introduced the following bill; which was referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to require that grave markers in national cemeteries be upright.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1004(c) of title 38, United States Code, is amended by adding at the end the following new sentence: "Each such marker shall be upright.".

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98TH CONGRESS
2D SESSION

H. R. 5367

To amend title 38, United States Code, to increase from $20,000 to $22,000 the maximum amount of guaranty available from the Veterans' Administration for a loan for the purchase of a manufactured home.

IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 1984

Mr. SHELBY introduced the following bill; which was referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to increase from $20,000 to $22,000 the maximum amount of guaranty available from the Veterans' Administration for a loan for the purchase of a manufactured home.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1819(c)(3) of title 38, United States Code, is amended—

(1) by striking out "per centum" and inserting in lieu thereof "percent"; and

(2) by striking out "$20,000" and inserting in lieu thereof "$22,000".

(b) The amendments made by subsection (a) shall take effect on October 1, 1984.

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Statement of
Paul T. Bannai
Chief Memorial Affairs Director
Department of Memorial Affairs
Veterans Administration
Before the
Subcommittee on Housing and Memorial Affairs
Committee on Veterans Affairs
U.S. House of Representatives
May 3, 1984

Mr. Chairman and Members of the Subcommittee:

On behalf of the Administrator of Veterans Affairs, Mr. Harry N. Walters, I thank you for the privilege to appear before the committee today. I am accompanied today by Mr. John W. Hagan, Deputy Chief Benefits Director, and Mr. Robert M. O'Toole, Director, Loan Guaranty Service. I am pleased to offer our comments on H.R. 4686, H.R. 4685, and H.R. 5367.

H.R. 4686 would require upright headstones in national cemeteries. VA opposes this bill, and I think that some background information will be helpful in understanding our position. Flat markers, rather than upright headstones, have become increasingly popular in this country over the past 50 years. The strong trend in cemetery design in all parts of the country has been towards "memorial parks" which

generally exclude upright stones, and strive for a serene, natural setting.

In response to this trend, flat markers have been approved to mark veterans' graves in private cemeteries since the late 1930's. They were first used in national cemeteries in 1949-1950, when three new national cemeteries were opened. Other national cemeteries continued to use upright stones until 1976, when the Advisory Committee on Cemeteries and Memorials recommended that flat markers be used in the new regional cemeteries then being planned.

After additional studies were conducted, VA in 1982 extended the use of flat markers to new cemeteries and new burial areas in existing cemeteries. In burial areas that already have upright headstones, uprights continue to be used until those sections are filled.

In reaching our decision to extend the use of flat markers, we considered a number of factors including grounds maintenance efficiency, climate, size of graves, employee safety, cost effectiveness, cemetery appearance, and private sector trends.

Upright headstones are twice as expensive as flat markers--$77 for an upright marble stone versus $41 for a flat bronze marker and $31 for a flat granite marker. The additional

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cost of using upright headstones in new cemeteries and new burial sections of existing cemeteries would in itself exceed $11 million over the next 5 years.

The higher procurement costs would also increase the headstone and marker monetary allowance administered by the Department of Veterans Benefits. The monetary allowance is based on our actual average procurement costs for headstones and markers, and would go up automatically. Increased costs for this benefit would exceed $2 1/2 million over the next 5 years.

Flat markers allow for much greater efficiency in virtually all aspects of cemetery operations, from placing the markers on the graves to maintaining the gravesites. Because of their weight concentration upright stones have a tendency to sink, especially when placed on disturbed soil, and must be periodically raised and realigned by cemetery personnel. The white marble they are made of is highly susceptible to deterioration from pollutants in the air, discoloration, fungus growth and chipping, which means more frequent cleanings and even replacements. Additional maintenance costs over the next 5 years would exceed $700,000.

While we are talking about operating efficiency, I might point out that upright stones present a much greater safety risk to our employees. Records for 1983 showed 16 accidents

with 167 lost workdays associated with handling upright stones, and none for flat markers. Employees working with upright stones are dealing with 230 pound blocks of marble, 3 1/2 feet long, 13 inches wide, and 4 inches thick. The potential for injury, especially to the back, is inherent to handling anything that heavy and awkward.

Another important issue associated with flat markers is the efficient use of cemetery land. To a significant degree, flat markers enabled the National Cemetery System to convert from a 5' x 10' grave size to a 4' x 8' size that is much closer to private sector practices, and increases the potential number of graves per acre from 840 to 1,312--a difference of 55 percent. Reverting to a larger grave size to accommodate upright stones would mean earlier close-out dates for national cemeteries, and a serious reversal in our efforts to meet the future burial needs of veterans and their dependents.

H.R. 4686, as we have interpreted the language, would involve the VA in a massive effort to replace flat markers with upright stones at a one-time cost of over $20 million. Such an effort could not be accomplished without increasing existing staff. This is obviously of great concern to us, but even if replacement of over 166,000 existing flats were not required, we would oppose legislation reversing our

policy on flat markers for the other reasons which I have discussed.

Flat markers are entirely consistent with our mission to provide an honorable resting place for veterans and eligible family members. They have a dignity and beauty of their own, which is especially appropriate to today's park-like cemetery settings. Over 90 percent of the 200,000 headstones and markers ordered from VA for placement in private cemeteries are for the flat type--a clear reflection of public preferences.

In light of the marked advantages of flat markers which I have just discussed, the VA must oppose legislation requiring upright stones in national cemeteries on the basis of cost, operating efficiency, future burial needs, and private cemetery trends.

Mr. Chairman, H.R. 4685 would increase the VA loan guaranty from $27,500 to $30,000 for conventional housing; the Specially Adapted Housing Grant from $32,500 to $35,000; and increase the maximum housing grant for veterans who are blind or have lost or lost the use of both hands from $5,000 to $6,000; and H.R. 5367 would increase the VA loan guaranty for manufactured housing from $20,000 to $22,000.

Mr. Chairman, H.R. 4685 would increase the maximum VA guaranty on conventional homes from $27,500 to $30,000. The current maximum guaranty was established by Public Law 96-385, enacted October 7, 1980. The average loan amount in Fiscal Year 1983 was $62,127. The average guaranty for these loans would be 44.26 percent.

The VA guaranty is intended to provide the lender the protection provided by a down payment on a conventional home loan. The guaranty protection of over 44 percent on the average VA home loan in the recently ended fiscal year is considerably greater than the 20 to 25 percent down payment protection normally obtained on conventional loans. Experience shows, Mr. Chairman, that the secondary market normally demands 25 percent protection on Government backed loans. Thus, the current $27,500 guaranty would support a loan of $110,000, far in excess of the average VA home loan amount. Accordingly, we oppose increasing the VA loan guaranty amount at this time.

Mr. Chairman, H.R. 4685 would also increase available VA Specially Adapted Housing Grants. First, it would increase the traditional Specially Adapted Housing Grant from $32,500 to $35,000. The current law provides that the grant cannot exceed 50 percent of the cost to the veteran of the housing unit and land on which it is located up to the maximum. In

1983 the average grant provided a veteran with 37 percent of the funds necessary to obtain a specially adapted house. Mr. Chairman, in view of the amount of the existing grant and the stabilization of housing costs, an increase in the Specially Adapted Housing Grant is not recommended at this time.

Mr. Chairman, the special $5,000 grant program for veterans who are blind or have lost or lost the use of both hands was enacted on October 1, 1980. Since implementation there have been 454 grants to blind veterans averaging $4,692 each and 23 grants to veterans who have lost or lost the use of both hands averaging $4,306 each. There have been, however, a few instances where the $5,000 grant was not adequate to meet the needs of these severely disabled veterans. As the instances are few and the increase to $6,000 would only involve a slight increase, the cost of such an increase in grant payments would be minimal. Accordingly, we favor the increase in the maximum for this special grant from $5,000 to $6,000.

Mr. Chairman, H.R. 5367 would increase the VA loan guaranty for manufactured housing from $20,000 to $22,000. The VA's current guaranty is limited to 50 percent of the loan amount up to a maximum guaranty of $20,000. Therefore, a loan would need to exceed $40,000 before the lender would receive less than the full 50 percent guaranty protection contemplated by the statute. In Fiscal Year 1983, the average VA manufactured home loan was $21,020. Accordingly, Mr. Chairman, we oppose increasing the VA loan guaranty amount for manufactured housing.

Mr. Chairman, this concludes my statement. We will be pleased to answer your questions.

STATEMENT OF
STEPHEN L. EDMISTON
DEPUTY NATIONAL LEGISLATIVE DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
SUBCOMMITTEE ON HOUSING AND MEMORIAL AFFAIRS
OF THE
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
MAY 3, 1984

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the more than 860,000 members of the Disabled American Veterans, may I say that we appreciate this opportunity to present our views on legislation relevant to the Home Loan Guaranty and Memorial Affairs Programs of the Veterans Administration.

At the outset, Mr. Chairman, the Disabled American Veterans wishes to commend you for the leadership and enduring interest you have exhibited with respect to the VA housing and memorial affairs programs under the jurisdiction of this distinguished Subcommittee.

Your sincere efforts have unquestionably led to improvements in the VA housing programs to the benefit of thousands of our nation's veterans and disabled veterans, and for this the DAV is most grateful.

H.R. 4685 and H.R. 5367

The bill, H.R. 4685, introduced by you, Mr. Chairman, and cosponsored by Full Committee Chairman Montgomery and Ranking Minority Member John Paul Hammerschmidt on January 30 of this year proposes, through appropriate amendment of Title 38, USC, to

increase the rates of specially adapted housing assistance (Chapter 21) offered to certain categories of severely disabled, service-connected veterans and increase from $27,500 to $30,000 the maximum amount of VA loan guaranty entitlement available for conventional housing.

Furthermore, H.R. 5367, introduced by you, Mr. Chairman, on April 4, 1984 proposes, through appropriate amendment of Title 38, USC, to increase by 10%, from $20,000 to $22,000, the maximum amount of VA loan guaranty provided for the purchase of manufactured housing.

The amendments proposed by both bills would, if enacted, become effective October 1, 1984.

As you know, Mr. Chairman, the VA Home Loan Guaranty is designed primarily to act as a substitute for the down payment that a veteran otherwise would be required to pay to a lending institution. The government's guaranty--presently 60% of the loan amount or $27,500, whichever is the lesser, for conventional housing and 50% or $20,000, whichever is lesser, for manufactured homes--serves to assure a high rate of participation in the Loan Guaranty Program by veterans and lending institutions alike. (Over 11.5 million homes loans have been guaranteed by the VA since 1944; the 245,000 loans guaranteed by the VA in Fiscal Year 1983 was double that for Fiscal Year 1982).

The conventional and manufactured home loan guarantees were last increased to their maximum amounts in 1980. During the intervening four years, cost of new home construction and purchase price of existing homes have increased substantially. Data provided by the National Association of Homebuilders indicates an approximately 25% increase in the median cost of conventional housing--from $64,600 in 1980 to $80,400 in 1984. Manufactured housing costs have increase approximately 10% during the same time period.

Mr. Chairman, as it would appear that the provisions of H.R. 4685 and H.R. 5367 relating to the proposed adjustments in the maximum VA loan guaranty amounts are in keeping with the statutory 60% and 50% loan amount ratios of current law, we therefore support their favorable consideration by the Subcommittee.

VA Housing Programs for
Severely Disabled Service-Connected Veterans

As the Subcommittee is aware, the VA currently administers two other programs which provide assistance to veterans who, because of the severe nature of their service-connected disabilities, require certain adaptations and modifications in their homes in order to have safe access and egress and otherwise live in a natural, comfortable environment.

This assistance is in the form of: (1) a one-time grant not to exceed $32,500 for service-connected veterans who suffer from bilateral lower extremity losses, or various combinations of

blindness and single or double extremity losses and other disabilities that prevent natural balance, propulsion and locomotion; and (2) a one-time grant not to exceed $5,000 for veterans who suffer from service-connected bilateral blindness or the loss or loss of use of both upper extremities.

The larger grant of $32,500 was last adjusted to its present amount by Public Law 97-66, effective October 1, 1981. Prior to that time, the award amount was $30,000.

The smaller grant of $5,000 has not be adjusted since its creation by the Congress which occurred in October of 1980, through the enactment of Public Law 96-385.

The bill H.R. 4685 would authorize increasing both grants from $32,500 and $5,000, to $35,000 and $6,000, respectively.

Mr. Chairman, the increases in housing costs experienced during the last four years, as I mentioned earlier, provide similar justification for the increases proposed by H.R. 4685--particularly in the case of the larger grant where the assistance is designed to represent 50% of the total cost borne by the veteran. The $32,500 grant, in today's marketplace, falls far short of the intended 50% ratio.

Therefore, in accordance with a resolution adopted by the delegates to our most recent National Convention and the facts

set forth above, the DAV strongly supports the passage and enactment of legislation to increase the maximum amounts of the specially adapted housing assistance provided to certain seriously disabled service-connected veterans.

H.R. 4686

Introduced on January 30, 1984, by you, Mr. Chairman, and cosponsored by Chairman Montgomery, Congressmen Hammerschmidt, Daschle and Penny, H.R. 4686 proposes, through appropriate amendment of Section 1004(c) of Title 38, USC, to require that grave markers in national cemeteries be upright.

We understand the amendment proposed by the pending bill is in response to complaints received by the Subcommittee from the survivors of veterans who are unable to locate the graves of their loved ones in areas where there are prolonged periods of snow cover during the winter months.

As you know, Mr. Chairman, the Veterans Administration at the present time requires, by regulation, that all new graves in national cemeteries under their jurisdiction be marked with flat, ground-level markers.

The DAV believes that such restrictions unfairly limit the options available to survivors of deceased veterans in choosing a marker which they believe to be appropriate for honoring the memory of their loved ones.

While we recognize and understand the purpose of such restrictions--cost effective maintenance and uniformity of national cemeteries--we believe the survivors of deceased veterans interred in national cemeteries should be afforded, at the very least, several options for marking the graves of their loved ones.

Mr. Chairman, as the pending bill would provide for upright markers in all national cemeteries--a complete change from the current VA policy--it would appear to be as equally restrictive as the VA's current regulation requiring only flat, ground-level markers.

Therefore, the DAV would recommend that the Subcommittee explore further the feasibility of providing several national cemetery grave marker options for the survivors of deceased veterans, rather than just one.

That completes my statement, Mr. Chairman. Again, on behalf of the Disabled American Veterans, I want to thank you and the members of the Subcommittee for providing us this opportunity to present our views on these most important issues.

STATEMENT OF RICHARD F. WEIDMAN

OF THE

VIETNAM VETERANS OF AMERICA

Good Morning, Mr. Chairman. My name is Richard Weidman, and I am Director of Government Relations for Vietnam Veterans of America (VVA). VVA appreciates this opportunity to present our views and share our concerns on HR 4685 and HR 5367 regarding the vital subject of ensuring that the availablity of affordable home loans, under the VA Home Loan Guaranty Program, is maintained in all areas of the United States.

Vietnam Veterans of America wishes to go on the record, Mr. Chairman, in applauding you and this Committee for your concern and positive action in moving to preserve the viability of these vitally needed programs. VVA endorses HR 4685 and HR 5367, as we believe that these measures, as written, are a prudent move in the right direction.

On March 15th of this year, Vietnam Veterans of America appeared before you and this Committtee, Mr. Chairman, to present our views and concerns in regard to the Office of Management and Budget's (OMB) proposed changes in policies and procedures governing foreclosures and acquisitions of property by the Veterans Administration (VA) within the context of the VA Veterans Home Loan Mortgage Guaranty program. As you will recall, Mr. Chairman, one of our primary concerns expressed was that OMB's proposed changes would have a chilling effect on future loans, particularly loans with no down payments, and those in inner cities and rural areas. As you know, loans with no down payment presently constitute 66% of all loans made

under authority of this program. The key element here is the potential exposure of the lender to loss. VVA pointed out that the nationwide average of no down payment loans, and hence purchase price, was $57,299. The guarantee ceiling currently in effect covers less than half of the average no down payment loan. Harking back to the key element of potential exposure in the lending institution's decision to make VA guaranteed loans, the proposed increase of the ceiling from $27,500 to $30,000 is a move in the right direction to encourage lending institutions to participate, and VVA favors such action by the Committee to recognize and remediate this problem.

Fully recognizing that these are difficult times, demanding sacrifice on all of our parts as loyal Americans to restrain Federal spending, Mr. Chairman, Vietnam Veterans of America urges the Committee to consider looking further in your examination of whether the program as currently authorized will continue to be structured to meet the Congressional intent of affording veterans of modest means a reasonable opportunity to work toward realizing the American dream of becoming first time home owners. We believe that there are a number of measures that can be taken to ensure a more successful program, with no drain on the Treasury. These four areas of recommendation for your consideration stem from our belief that the measure of success of this program is not just the number of loans ini-

tially made. Rather, the measure of success is the total number of loans that are successfully repaid, which means that veterans and their families are realizing the chance to build the decent life that Congress intended.

Let it be clearly stated that in actual operation and practice the VA Loan Mortgage Guaranty program successfully operated for almost forty years in a manner that was tantamount to a 100% guarantee program. This was the case because where there was a default and foreclosure the VA assumed the mortgage and acquired the property in virtually all cases. It has only been since January of 1982 that the option to pay off the formally guaranteed amount has been invoked and used in an increasing number of cases, now at the rate of 3-5% of all such cases.

The reason why so many veterans were able to achieve first time home ownership from 1946 to 1982 was because lending institutions were willing to participate in the program without any doubt that it would be here today and gone tomorrow. The lending institutions had confidence in the continuity of the ground rules, and that Congressional intent for the program would be followed by the Executive branch of the Federal government. None of us, particularly bankers who must think in terms of decades, like sudden or drastic change in key elements of our life or business. That there are those on the ascen-

dancy within OMB who would, under the guise of administrative efficiency and myopic short term cost "savings", undermine this program, and thwart the intent of this Committee and the Congress in regard to this program, has come to be accepted as fact in key sectors of the lending community. Let there be no mistake: it is widely believed that this vitally needed program has been targeted for sharp curtailment, and that clear signals are needed that this Committee and the Congress will not allow that to happen. Restoration of full confidence in the continuity and permanence of the program is needed.

In order to ensure that Congressional intent is implemented in fact, Mr. Chairman, Vietnam Veterans of America respectfully urges you and your esteemed colleagues to give due consideration to a number of steps to safeguard this program.

Vietnam Veterans of America urges that the Committee move to circumscribe the option of the VA to pay off the guaranteed amount, as opposed to taking possession of the property. VVA believes that this option should be limited to extreme and clearly defined circumstances. VVA is aware that this may well neccesitate legislative change, and urges all of our colleagues in the veterans community to join us in supporting such a move to forestall radical departure from past practice.

Second, Vietnam Veterans of America respectfully recommends that the Committee move to ensure that the letter and the

spirit of "Section F" of the VA Lenders Handbook be given the force of regulation, by means of the public rule making procedures, to ensure that the VA and the lenders fully exercise "broad discretion in extending and recasting the terms of repayment in order to cure a default or avoid imminent default." Further VVA recommends that specific forebearance requirements be built in to the mortgage instrument itself. VVA has urged the VA to make each of their loan officers in each VA Regional Office sensitive to both the spirit and the letter of "Section F", and of the many sensible and effective arrangements that can, with the cooperation of all parties concerned, be worked out to maintain the veteran in residence and vested possession of the home. Also at the urging of Vietnam Veterans of America, Mr. Felix M. Beck, President of the Mortgage Bankers Association of America (MBA), wrote to all MBA members to "stress the importance of the VA forebearance procedures", and "to urge MBA's membership to make every effort to assist veterans with troubled loans. I am happy to encourage prudent forebearance practices."

While these voluntary efforts are worthy, sincerely meant, and laudable, they do not obviate the need for formal regulations on this matter that will ensure minimal standards. VVA would also suggest that there is a need for the Committee to ensure that VA undertake a program to make the individual

veteran borrower fully aware of his or her rights and responsiblilities, at each and every step of the process. VVA believes that it is particularly important to emphasize to the veterans that they should not wait or hesitate to contact the lender and/or a special section to be set up in the Department of Veterans Benefits in every VA Regional Office as early as possible, when they first see difficuly in making full payments on time. It is when the veterans, because of mistrust or lack of knowledge, wait until they are several months behind in payments that the situation deteriorates to where the options of all parties become unneccesarily limited, with damaging consequences for all concerned.

Third, Vietnam Veterans of America respectfully recommends that in regard to already acquired properties, the Committee and the Congress move to ensure that VA-vendor financing on property sales be extended only to veterans, for a limited period of six months, during which every reasonable effort should be made to publicize the listing of these properties to veterans, by means of the VA actively working with the veterans service organizations. After six months, the property would then be made available to the open market, as a cash sale.

Fourth, Vietnam Veterans of America respectfully recommends that the Committee consider addressing regional inequi-

ties in the program. There are great disparities in the cost of the average modest home, depending on the section of the country in which one lives. The average cost of a modest home in Alabama is far less than a comparable home in most sections of California. The range of the amount of VA loans also varies widely from region to region, as a result. The average loan guaranteed out of the VARO in Washington, DC is the highest in the continental United States, with a current average of $97,264. The average loan in Pittsburgh, PA., which is the lowest in the country, is $42,970. VVA believes that, given such a range Mr. Chairman, consideration might be given to a 60% guarantee ceiling that is set according to the median VA loan in that VA Region. All of the factors used in such a system would be dependent on information readily available currently within the VA system, and not pose any undue administrative burden on the agency, yet it would address and correct regional inequities.

Mr. Chairman, VVA believes that these four basic recommendations, if taken together as a whole, are prudent and cautious measures that would strengthen the program and ensure that it continue on the course originally intended, and affirmed by the Congress many times in the past four decades. The key thrust of these recommendations are toward loans that are successfully made and that are successfully repaid. If acted upon, VVA believes that these recommendations would go far to conserve the program and safeguard it against any precipitous and radical change by OMB or others.

Vietnam Veterans of America is grateful to you, Mr. Chairman, for this opportunity to share our views with you and your esteemed colleagues on the Committee on Veteran Affairs. Thank you.

VETERANS OF FOREIGN WARS OF THE UNITED STATES

STATEMENT OF

PHILIP R. MAYO, SPECIAL ASSISTANT
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON HOUSING AND MEMORIAL AFFAIRS
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

LEGISLATION AFFECTING THE VETERANS ADMINISTRATION
HOME LOAN GUARANTY PROGRAM AND CEMETERY MARKERS

WASHINGTON, DC MAY 3, 1984

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the opportunity to come before you, on behalf of our 1.97 million members, to present our views concerning a number of proposals before the Subcommittee that would improve benefits to veterans seeking to purchase homes and providing for upright cemetery memorials.

Mr. Chairman, we would like to thank you and the Subcommittee for your continuing and obvious interest in keeping those benefits for veterans that fall under the Subcommittee's purview at levels where they remain meaningful benefits for veteran recipients.

Two bills are before the Subcommittee today that positively affect a veteran's ability to purchase a home. The first, H.R. 4685, introduced by you and co-sponsored by the Honorable G. V. Montgomery, Chairman of the Committee, and the Honorable John Paul Hammerschmidt, Ranking Minority Member of the Committee, provides that

the current VA home loan guaranty for conventional housing of $27,500 be increased to $30,000; that the current specially adapted housing allowance of $32,500 be increased to $35,000; and that the current specially adapted housing grant of $5,000 be increased to $6,000. We support the enactment of this legislation, Mr. Chairman, as recognition of the fact that the costs of purchasing housing are continuing to rise. To maintain these levels where they currently are set most adversely affects veterans who happen to reside in those areas where costs are rising at the highest rate, which is not adequately reflected when considering the "average" home cost nationally. At the same time, however, we observe that the increases in the above amounts are approximately ten percent, and we do not believe that figure equates to the actual increase that has occurred in the cost of housing over the last three to four years. We recognize, on the other hand, that such increases do involve budgetary considerations, which we fully appreciate. Nevertheless, the increase in the loan guaranty amount does increase the strength of the VA loan in the various mortgage purchasing markets, and we commend the Subcommittee's recognition of this fact, for in protecting this strength, the VA guaranteed loan will remain a viable home financing alternative for veterans.

The second measure before the Subcommittee today is H.R. 5367, introduced by you, Mr. Chairman, for the purpose of increasing the current $20,000 loan guaranty for manufactured housing to $22,000. Again, Mr. Chairman, we support the enactment of this legislation — particularly in this case as it is probably the most advantageous guaranty available to the first time veteran homebuyer in many areas of the nation.

The last measure before the Subcommittee today is H.R. 4686, again introduced by you, Mr. Chairman, along with a number of other members of the Committee. This measure would amend title 38 USC to require that grave markers in national cemeteries be upright. We support the enactment of this measure in that it fulfills the resolve of VFW Resolution No. 682, adopted at our most recent National Convention, and which states that "...immediate action be taken to have the order establishing flat grave markers in National Cemeteries rescinded."

Mr. Chairman, this concludes my testimony. We, again, express our appreciation for this Subcommittee's interest in the well-being of our veterans.

PARALYZED VETERANS OF AMERICA

CHARTERED BY THE CONGRESS OF THE UNITED STATES

STATEMENT OF

BOB MORAN, ASSOCIATE LEGISLATIVE DIRECTOR

PARALYZED VETERANS OF AMERICA

BEFORE THE

SUBCOMMITTEE ON HOUSING AND MEMORIAL AFFAIRS

OF THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

CONCERNING

INCREASES IN VA HOUSING GRANTS AND HOME LOAN GUARANTY

MAY 3, 1984

Mr. Chairman and Members of the Subcommittee, on behalf of the members of Paralyzed Veterans of America I wish to thank you for this opportunity to present the views and concerns of PVA. We appreciate the various legislative proposals which the Subcommittee is examining today. I am Bob Moran, Associate Legislative Director of PVA.

PVA wishes to compliment you Mr. Shelby, as Chairman of this Subcommittee, and its Members, for your ongoing efforts to improve the effectiveness of these most important programs that affect so many of our nation's veterans. Veterans are indeed fortunate to have available to them VA Housing Programs which can assist them in purchasing and adapting homes.

Home Loan Guaranty

PVA supports H.R. 4685, a bill which would provide an increase in the maximum amount of Home Loan Guaranty provided by the VA: H.R. 4685 would increase it from the present level of $27,500 to $30,000. The VA "Home Loan Guaranty" is an entitlement program, with each veteran who meets the requirements as provided by statute being eligible for the guaranty of a portion of his mortgage.

Since its inception in June 1944, the VA Home Loan Guaranty Program has assisted over 11 million veterans and their families in gaining suitable housing. It has been one of the most successful housing programs in this nation's history, and despite the size of the program it has cost the Federal government very little. Without doubt, the VA Home Loan Guaranty Program has been a good investment in America, providing stability and expanding the tax base of nearly every community in our country.

PVA appreciates the attentiveness of this Subcommittee in its considering increasing the maximum amount of the home loan guaranty. This increase reflects the rising cost of suitable housing for veterans and their families.

Special Adapted Housing Allowance

PVA strongly supports other language contained in H.R. 4685, a provision which increases (from $32,500 to $35,000) the amounts of assistance in the special housing needs of service-connected disabled veterans.

It is an understatement to say that the cost of housing has increased dramatically. The average cost of a new specially adapted home in 1976 was $57,000, but today that same house costs over $90,000. Through the specially Adapted Housing Grant Program, the VA provides certain severely disabled veterans with a vehicle by which they can begin to restore their lives to ones of independence and dignity. In previous testimony, PVA has emphasized the importance of providing catastrophically disabled veterans with opportunities to rebuild their lives to the fullest extent possible.

Special Adaptive Housing Grant

Frequently eligible veterans do not utilize the Special Adapted Housing Grant but elect to purchase existing new or used housing. At the present time, most homes are not built to accommodate disabled persons. Consequently, older homes usually must be remodeled so that they will be accessible. And, since few new home plans are barrier-free, certain structural alterations often are necessary, at an additional cost. These modifications are needed to make these homes appropriate residences for disabled veterans. This is just one of the many costly problems a catastrophically disabled veteran faces as he readjusts to life; therefore, PVA supports increasing the grant from $5,000 to $6,000 for adapting existing homes for accessibility by disabled veterans.

Manufactured Housing

Turning to language contained in H.R. 5367, concerning manufactured homes, PVA's members wish they could avail themselves of some of the manufactured

housing units currently available. Because of the extensive modifications that are usually required to make such a purchase wheelchair accessible, however, the opportunities are few and the cost savings are negated. Nonetheless, PVA recognizes the growing importance of such housing for an increasing number of veterans, and we therefore support the intent of H.R. 5367 in raising the maximum guaranty limit available through the VA to $22,000.

In conclusion, Mr. Chairman, I again thank you for the opportunity to appear here today and present PVA's views and concerns regarding these most important issues that directly affect veterans and their families. I will be glad to answer any questions that I can.

THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

"STRENGTH IN UNITY"

Statement of

Richard W. Johnson, Jr.,
Director of Legislative Affairs

before the

Subcommittee on Housing and Memorial Affairs
Committee on Veterans Affairs
U.S. House of Representatives

on

Home Loan Program Improvements

May 3, 1984

Mr. Chairman, The Non Commissioned Officers Association of the USA (NCOA) appreciates this opportunity to express its views on improvements in the Veterans' home loan guaranty program and modifications in the types of grave markers used in national cemeteries.

H.R. 4685 and H.R. 5367

H.R. 4685 is a proposal which seeks to increase the specially adapted housing allowance from $32,500 to $35,000; the specially adapted housing grant from $5,000 to $6,000; and, the VA loan guaranty from $27,500 to $30,000 for conventional homes. H.R. 5367 seeks to increase the VA guarantee on manufactured housing from $20,000 to $22,000. NCOA believes increased housing costs necessitate the immediate consideration and adoption of these proposals.

Since the last adjustment in these programs there has been a marked increase in the average value of veterans home loans and in the general cost of housing. This means the relative protection of veterans home loan guarantees has diminished proportionately.

The adequacy of the guaranty amount can be examined in relationship to the average amount of veterans' loans. When last adjusted by Public Law 96-385, the maximum loan guaranty equalled to about 49 percent of the average loan amount. Prior to enactment of the increase, the maximum guaranty protected only about 40 percent of the average veteran's loan. The average proportionate value of the loan guaranty again has dipped to almost 40 percent and is even lower in high cost of living areas. NCOA is therefore pleased to support the passage of H.R. 4685 and H.R. 5367.

H.R. 4686

The third measure under consideration by the committee, H.R. 4686, will require that only upright grave markers be used in national cemeteries. This is a rather emotionally charged issue.

There is a certain honor implied by an upright headstone. Additionally, upright stones make grave location easier particularly in the fall and winter when flat markers may be covered by leaves or snow. Conversely, upright stones cause certain maintenance problems by impeding the use of large mowing machines. Nevertheless, NCOA supports the measure believing it to be an appropriate and honorable way to pay tribute to our nation's veterans. However, where flat-markers are being used throughout any veterans cemetery, NCOA does not suggest their replacement.

STATEMENT OF THE AMERICAN VETERANS COMMITTEE

BEFORE THE

SUBCOMMITTEE ON HOUSING AND MEMORIAL AFFAIRS

HOUSE VETERANS AFFAIRS COMMITTEE

ON H.R. 4685, H.R. 5367 AND H.R. 4686

MAY 3, 1984

Mr. Chairman and Members of the Subcommittee:

The American Veterans Committee (AVC) thanks you for the opportunity to present our views on the bill to increase the V.A. loan guaranty from $27,500 to $30,000 for conventional housing; and the specially adapted housing grant from $5,000 to $6,000. We understand the Subcommittee is also considering a bill to increase the V.A. loan guaranty for manufactured housing from $20,000 to $22,000 and H.R. 4686, a bill to require upright markers in national cemeteries.

My name is Ralph E. Spencer. I am an overseas World War II veteran, have been a member of AVC since 1946 and am currently on the National Board of AVC.

Before addressing the specifics of the proposed legislation before this Subcommittee, I would like to acquaint you with AVC's general position regarding veterans:

1. We oppose bonuses and general pensions as being class legislation unrelated to the real need of individual veterans and tending to set veterans apart from their fellow citizens.

In the matter of benefits, two basic standards should be applied:

a. For death or disability incurred in military service: Are the benefits sufficient to provide a decent standard of living for the veteran, his family or survivors?

b. For all veterans: Are the benefits so designed as to enable a readjustment from military service to civilian life with a minimum of economic loss?

Since benefits are a Federal responsibility, uniform standards of administration and compensation should be applied nationally without regard to race, creed, color, sex, national origin, handicap, age or religion.

We believe the proposed increases in Veterans Administration Housing loan guaranties are within the proper scope and purpose of the above standards. AVC supports these increases so long as they are not in any way a part of a package involving changes in VA Loan Guaranty Practices whereby the VA would discontinue acquiring properties after default. We would oppose any such change in VA Loan Guaranty practices.

AVC also supports H.R. 4686 to require upright markers for veterans in national cemeteries. We recommend that this legislation be extended to cover cemeteries other than national cemeteries wherever a veteran may be interred. Too often in the past, markers have been provided by the VA but remain sitting by some shed because the veteran's family is unable or the cemetery is unwilling to defray the cost of placing the marker over the veteran's grave. The veteran deserves this last measure of respect.

Thank you for the opportunity you have given us to present the AVC's views on this legislation.

AMVETS
National Headquarters
4647 Forbes Boulevard, Lanham, Maryland 20706
(301) 459-9600

April 26, 1984

The Honorable Richard C. Shelby
Chairman, Subcommittee on Housing
and Memorial Affairs
House Veterans' Affairs Committee
335 Cannon House Office Building
Washington, D. C. 20515

Dear Mr. Chairman:

AMVETS appreciates your invitation to present our views on H.R. 4685, a bill to increase the VA loan guaranty from $27,500 to $30,000 for conventional housing; the specially adapted housing allowance from $32,500 to $35,000; and the specially adapted housing grant from $5,000 to $6,000; H.R. 5367, a bill to increase the VA loan guaranty for manufactured housing from $20,000 to $22,000 and H.R. 4686, a bill to require upright markers in national cemeteries.

We urge the passage of these measures and request that this letter be included in the record of the hearing originally scheduled for 3 May 1984.

Sincerely,

David J. Passamaneck

DAVID J. PASSAMANECK
Lt. Col., USA, Ret.
National Legislative Director

DJP:aimc

STATEMENT OF

THE NATIONAL ASSOCIATION OF HOME BUILDERS (NAHB)

before the

SUBCOMMITTEE ON HOUSING AND MEMORIAL AFFAIRS

COMMITTEE ON VETERANS AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

on

VA LOAN GUARANTY PROGRAM

MAY 3, 1984

Mr. Chairman and Members of the Committee:

My name is Pete Herder and I am a home builder and developer from Tucson, Arizona. I am submitting this statement on behalf of the more than 122,000 members of the National Association of Home Builders (NAHB), who employ over 3 million workers. NAHB is a trade association of the nation's homebuilding industry, of which I am President. Approximately 30% of our builder members are involved in building VA housing. I am pleased to present our views on the VA Home Loan Guaranty Program, the increase of the VA loan guaranty maximum and the VA home loan fee.

VA HOME LOAN GUARANTY PROGRAM

First, I would like to take this opportunity to comment on the Veterans Administration Home Loan Guaranty Program in general. VA housing programs have given four generations of veterans and their families the opportunity not only to obtain property and homeownership but to put down roots and establish community ties.

Participation in VA housing programs has been substantial with loans guaranteed by the VA in the 1970's increasing markedly over that of the decade of the 1960's. The number of loans guaranteed per year in the 1960's averaged about 120,000 while during the 1970's the number rose to about 320,000 per year. Since the inception of the program, the VA has guaranteed over 11 million loans with a value of over $200 billion.

The VA has done an excellent job in carrying out the housing entitlement programs afforded veterans. NAHB supports the VA Home Loan Guaranty Program and believes the VA to be one of the best federal agencies in terms of service to the consumer and to the home builder.

LOAN GUARANTY REVOLVING FUND

Mr. Chairman, due to the economic recession, the VA for the first time may have to ask Congress for an appropriation to replenish the Loan Guaranty Revolving Fund. This fund has serviced the veteran well in providing the necessary monies to keep the home loan program solvent.

It has been a self-sustaining fund which in conjunction with the home loan program serviced the veteran without additional appropriations all these years. But due to the length of the economic downturn, high interest rates, high deficits and the low turnover of homes acquired by the VA through foreclosure in the northeast and other areas around the country, the fund will soon be depleted.

The VA Home Loan Guaranty Program is an entitlement enacted by Congress in 1944 to enable veterans to purchase a home. Many of these veterans would not have been able to purchase a home without

the no downpayment feature of this program. It is of particular importance to first-time homebuyers that this program be continued. They do not have the necessary capital to initially enter the home-buying market.

HOME LOAN FEE

Because of the problem in the revolving fund, it is of major concern to us that the one-half percent fee initiated by Congress in the Omnibus Reconciliation Act of 1982 is going into Treasury coffers rather than into the VA Loan Guaranty Revolving Fund. The fee is drawing approximately $80 million a year and would certainly help in defraying the deficits in the revolving fund that the VA is anticipating. We support House action to put the monies collected from this fee into the Loan Guaranty Revolving Fund to assist in maintaining the solvency of the program and to offset losses as originally recommended by the VA. We oppose House action, however, which increases the fee to one percent and extends it for two years. The fee on the average VA loan will now be about $600.

The NAHB is opposed to any fee increases or extension of the expiration date of the fee on VA home loans due to the entitlement nature of the program, its no downpayment feature and the increased affordability needed to buy a home.

LOAN GUARANTY MAXIMUM

Mr. Chairman, while we support the raising of the VA Home Loan Guaranty Maximum from $27,500 to $30,000 as recommended in your bill, H.R.4685, we feel it should be increased even further to $35,000.

In addition to the cyclical fluctuations of the housing industry, we also face a housing cost spiral as a result of increases in land costs, material costs and interest rates. For example, lumber and drywall prices increased dramatically as the homebuilding industry regained momentum coming out of the recession.

Attachments A and B to my testimony, show the need to increase the loan guaranty maximum to $35,000. Since 1974, the price of housing has increased at a greater rate than the amount of increases in the loan guaranty amount. The median sales price of a home went from $35,900 in 1974 to $75,100 in 1983, a 109% increase. The loan guaranty maximum only increased 57% in the same amount of time from $17,500 to $27,500. Comparing the 1984 new home sales estimate to 1980, the last time the loan guaranty was raised, new home prices will have increased over 24%.

Using the 1984 estimated cost of housing of $80,300, home prices will have increased 123.7 percent since 1974. The loan guaranty maximum even with the proposed increase to $35,000 will have increased only 100% in the same time span. One could logically argue to increase the loan guaranty even higher (see Attachment A). By raising the loan guaranty to at least $35,000, the goal of assuring that the maximum allowed by the law keeps pace with the rising cost of housing will be more easily achieved.

The VA Loan Guaranty program itself is not isolated from cost increases. The average sales price for new homes built with a VA loan guaranty increased from $31,968 in December 1974 to $77,298 in December, 1983 an increase of almost 142%. This is greater than the percent increase for new home sales in general. The average loan

amount for the VA loan program has increased from $27,566 to $64,842 in December 1983. For the same period the average loan for new homes increased from $30,759 to $72,317 (see Attachment B).

Given the dramatic increases in the cost of housing, we believe that an increase in the loan guaranty amount to $35,000 is well justified.

Supporting an increase in the loan guaranty program will also be of assistance in the secondary market. Lenders can generally provide veterans lower financing charges if the mortgages are sold to the Government National Mortgage Association (GNMA), and the Federal National Mortgage Association (FNMA).

REGULATORY AND PROCESSING CHANGES

We also appreciate the recent decisions made by the VA to alleviate some of the regulatory requirements under the home loan program. It was announced at our Fall Board of Directors meeting in September that an A-95 review would no longer be required at the national level. The notice implementing subdivision reciprocity among all federal agencies will also be beneficial in streamlining and eliminating unnecessary overlap of government regulations.

NAHB has long been in the forefront of recommending a reduction of burdensome federal regulatory requirements and is pleased with the recent changes being made in the VA Home Loan Guaranty Program.

CONCLUSION

In closing, I would like to emphasize that it is essential that the VA remain true to its basic responsibility of providing credit assistance to veterans for the purchase of housing and to make maximum use of the loan guaranty program. The loan guaranty entitlement should not be denied our veterans and service personnel who have so ably served our country.

Attachment A

MEDIAN SALES PRICE OF NEW HOMES SOLD/LOAN GUARANTY MAXIMUM COMPARED TO 1974

	MEDIAN SALES PRICE	% INCREASE OVER 1974	LOAN GUARANTY MAXIMUM	% INCREASE OVER 1974
1974	$35,900	NA	$17,500	NA
1975	$39,300	9.5	$17,500	0
1976	$44,200	23.1	$17,500	0
1977	$48,800	35.9	$17,500	0
1978	$55,700	55.2	$25,000	42.9
1979	$62,900	75.2	$25,000	42.9
1980	$64,600	79.9	$27,500	57.1
1981	$68,900	91.9	$27,500	57.1
1982	$69,300	93.0	$27,500	57.1
1983	$75,100	109.2	$27,500	57.1
Est. 1984	$80,300	123.7	$35,000	100.0

Source: U.S. Department of Commerce, Bureau of the Census, Series C-25; Compiled by NAHB Economics Division; Mortgage Bankers Association

ATTACHMENT B

SALES PRICES AND LOAN AMOUNTS
VA PROGRAMS
DECEMBER 1974 - DECEMBER 1983

	December 1974	December 1983	% INCREASE
VA PROGRAMS			
Average Sales Price (new housing)	$31,968	$77,298	141.8
Average Loan Amount (all housing)	$27,566	$64,842	135.2
Average Loan Amount (new housing)	$30,759	$72,317	135.1
Average Loan Amount (existing housing)	$26,261	$61,249	133.2

Source: Veterans Administration; Complied by NAHB Economics Division

National Association of Home Builders

15th and M Streets, N.W., Washington, D.C. 20005

Telex 89-2600 (202) 822-0400 (800) 368-5242

Peter D. Herder
1984 President

May 3, 1984

The Honorable Richard Shelby, Chairman
Subcommittee on Housing and Memorial Affairs
Committee on Veterans Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

On behalf of the National Association of Home Builders I would like to respectfully submit our comments opposing the raising of the user fee on the VA Home Loan Guaranty Program from one-half percent to one percent. While we are pleased that House legislation allows the funds raised from this fee to be deposited into the loan guaranty revolving fund rather than into the Treasury, we have concern about its overall effect on veterans and the entitlement nature of this program. We would also oppose any extension of the fee beyond its September 30, 1985, expiration date.

The VA entitlement program was created in 1944 to serve veterans who have so ably served our country afford homeownership. Imposing a fee on the use of this program is not in the tradition of the no downpayment feature that veterans have relied on for so many years. It could be a means of denying homeownership to new veteran home buyers in particular, who have greater difficulty in entering the homebuying market.

The veteran needs a new level of affordability to meet the fee requirement as one percent of the loan amount could add almost $650 to the average VA loan. This would come at a time when the VA interest rate has just recently been raised to 13 percent.

We feel that due to the entitlement nature of the VA Home Loan Program, its no downpayment feature and the affordability question, the fee should not be increased nor extended beyond its expiration date.

We appreciate this opportunity to present our views.

Sincerly,

Peter D. Herder
President

1125 Fifteenth Street, N.W.
Washington, D.C. 20005

Mortgage Bankers Association of America

Dr. Mark J. Riedy
Executive Vice President
(202) 861-6501

April 4, 1984

The Honorable Richard C. Shelby
Chairman
Subcommittee on Housing and Memorial Affairs
Committee on Veterans Affairs
U. S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter is submitted in connection with hearings tentatively scheduled for May 3, 1984, on HR 4685, which you introduced along with Representatives Montgomery and Hammerschmidt. HR 4685 would increase the maximum amount of the VA loan guaranty from $27,500 to $30,000 for home loans. MBA supports an increase in the loan guaranty amount. Such an increase would bring the relationship between the level of the guaranty amount and the ever increasing cost of new and existing housing closer to historical ratios.

From 1974 to 1983, the median price of new single-family homes sold jumped from $35,900 to $75,100, an increase of 109 percent. Had the VA maximum guaranty been adjusted annually in equal proportion to the increase in new home prices, the 1983 guaranty would have reached $36,000.

The median price of existing single-family homes sold increased 120 percent during the period 1974 through 1983, from $32,000 in 1974 to $70,300 in 1983. Adjusting the VA maximum guaranty for annual increases in existing home prices for this period would have resulted in a maximum guaranty of over $38,000 in 1983.

Increasing the maximum guaranty also will increase the opportunity for VA-backed mortgages to be sold in the highly efficient Government National Mortgage Association (GNMA) mortgage-backed security program. By using this program, mortgage lenders generally are able to provide verterans purchasing homes with financing at a lower rate than is available when the program cannot be used. Under GNMA's practice, only loans with at least 25 percent VA guaranty are allowed in the GNMA program. Increasing the loan

guaranty maximum to $30,000 from $27,500 would increase the effective ceiling for GNMA program participation from $110,000 to $120,000 for VA loans.

MBA also wishes to take this opportunity to express to you its appreciation for the careful attention and concern you have demonstrated for the continued healthy operation for the VA home loan guaranty program. This program has helped millions of American veterans become homeowners. Your support is important for the continued success of the program.

We respectfully request that this statement be made a part of the record of the hearings on HR 4685.

Sincerely,

Mark J. Riedy

Dr. Mark J. Riedy

MJR:amk

cc: ✓Mrs. Gloria Royce
Mr. Mack G. Fleming

National Manufactured Housing Finance Association

and

Coordinating Council on Manufactured Housing Finance

1575 Eye Street, N.W., Suite 350
Washington, D.C. 20005

May 3, 1984

The Honorable Richard Shelby
Chairman
Subcommittee on Housing and Memorial Affairs
335 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

This responds to your recent letter regarding the May 3 legislative hearing on H.R.5367, a bill to increase the VA loan guaranty for manufactured housing. We are pleased to provide our comments on the bill and request that this letter be included in the hearing record.

The National Manufactured Housing Finance Association (NMHFA) is a national association of lenders who finance the purchase of manufactured homes, primarily through the use of federal housing loan programs, such as the Veterans Administration (VA) manufactured home loan guaranty program.

The Coordinating Council on Manufactured Housing Finance (Coordinating Council) is comprised of three manufactured housing industry trade associations. They are the Manufactured Housing Institute (MHI), a national association representing approximately 80 corporations who manufacture homes and some 300 supplier firms that furnish components, services, and financing to the industry; the Western Manufactured Housing Institute, representing manufacturers and suppliers in the western United States; and the National Manufactured Housing Federation, representing 44 state and regional associations of manufacturers, suppliers, retailers, and park operators.

The Coordinating Council and the NMHFA support the proposal included in H.R.5367 to increase by 10 percent from $20,000 to $22,000 the maximum VA guaranty for the purchase of manufactured homes. Such an increase would bring the guaranty amount to a level which more realistically reflects the increased cost of manufactured housing.

The VA loan guaranty is designed to make housing credit available to a veteran who may not otherwise be able to secure comparable home purchase financing from conventional sources. For example, the VA guaranty can act as a substitute for the down payment that would otherwise be required when a veteran purchases a home. Under current law, the guaranty for a manufactured home loan is limited to 50 percent of the loan amount or $20,000, whichever is less. Lenders are thus assured of the substantial protection afforded by the VA loan guaranty and are operationally willing to make loans to veterans without the necessity of a down payment or with a lower down payment than would otherwise be required.

There has been no increase in the VA loan guaranty amount since 1980. According to data provided by the U.S. Department of Commerce, the nationwide average sale price for a manufactured home in 1980 was $19,800. At the end of calendar year 1983, this figure had increased to $21,000, a rise of 6.1 percent. Assuming an additional 3.8 percent rise in the housing cost component of the Consumer Price Index (CPI), for calendar year 1984, as currently projected by the Bureau of Labor Statistics, a minimum 10 percent increase in the guaranty will be needed to insure that the value of the VA home loan guaranty keeps pace with increases in the housing market.

Additionally, because of price fluctuations, average sale prices for new manufactured homes nationwide ranged up to $21,800, during certain periods of the year. Moreover, in certain areas of the country, the average sale price for a new manufactured home is significantly higher than the nationwide average. In the West, for example, during calendar year 1983, the average price of a new manufactured home was $27,900. And in New England, prices averaged $28,000 for Massachusetts and Connecticut buyers. In these areas, manufactured home and land prices are significantly higher than the national averages as well. Because the VA loan guaranty amount is not adjusted for high-cost areas, VA borrowers in some areas of the country may be at a disadvantage, compared to VA borrowers in other areas, and may be required to make a much larger down payment than their counterparts.

By contrast, the FHA mortgage insurance program alleviates regional price discrepancies where manufactured home and land financing is concerned, by allowing for high-cost area adjustments in the eligible loan amounts.

An increase in the VA loan guaranty for manufactured homes would be in keeping with Congress' recent recognition of the rising cost of housing, including manufactured housing. In the Housing and Urban-Rural Recovery Act of 1983, Congress raised the maximum insurable amount for a manufactured home only loan under the FHA Title I program, from $22,500 ($35,000 for two or more modules) to $40,500 (whether single or multiple module).

For a manufactured home and a developed lot, the insurable amount was increased from $35,000 ($47,500 for two or more modules) to $54,000 (whether single or multiple module).

The VA manufactured home loan guaranty program is a good one. Since its creation by the Veterans Housing Act of 1970 (Public Law 91-506), the program has assisted over 82,000 veterans in purchasing manufactured homes. With the cost of today's site-built housing beyond the reach of many veterans, the VA manufactured home loan guaranty program offers affordable home ownership to many veterans who might otherwise be limited to substandard housing or rental housing. The program has been especially useful in creating greater housing opportunities for the young veteran and the retired veteran.

Mr. Chairman, in summary, the NMHFA and the Coordinating Council would like to reiterate our support of the current legislative proposal, H.R.5367, to increase by 10 percent the maximum VA loan guaranty for manufactured home purchases. Such an increase would protect the value of the VA guaranty in light of the rise in the cost of manufactured homes since the last increase was enacted in 1980, and would protect that benefit from future inflation. This legislation will help to ensure that the VA loan guaranty program will continue to fulfill the role that Congress intended in helping veterans become home owners.

We appreciate tnis opportunity to comment on the proposed legislation and would be happy to answer any questions or to provide the Subcommittee with any further information it may need.

Sincerely,

William H. Lear
President, CCMHF

Donald G. Shirk
President, NMHFA

1525S/700

The American Legion

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For God and Country

April 26, 1984

Honorable Richard C. Shelby
Chairman
Subcommittee on Housing and
Memorial Affairs
Committee on Veterans Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Shelby:

The American Legion appreciates the opportunity to comment for the record on H.R. 4686, a bill which your Subcommittee now has under consideration.

H.R. 4686 is a bill to amend section 1004(c) of title 38, United States Code, to require that all grave markers placed in national cemeteries be upright. While The American Legion realizes that there does exist a genuine concern about losing certain aesthetic qualities in the national cemeteries by utilizing flat markers, the organization also feels that other serious factors affecting the availability of burial space for veterans must be considered.

Currently, there are more than 166,000 flat markers identifying the graves of veterans in the National Cemetery System. As we interpret the intent of the language contained in H.R. 4686, if enacted it could necessitate the replacement of the existing flat markers with upright headstones. The estimated cost of such a replacement program is upward of $20 million.

Another important factor for consideration relates to the size of the gravesite needed for each of the two markers. In March 1982, the National Cemetery System reduced the size of the standard gravesite from 5' X 9' to 4' X 8'. This action increased the potential number of gravesites per acre from 840 to 1312; a significant result when considering the increasing demand on national cemeteries.

According to officials of the VA Department of Memorial Affairs, the installation of an upright headstone necessitates the use of the 5' X 9' gravesite because of the distribution of the weight of the marker. However, the 4' X 8' space will accomodate the much lighter flat marker.

Other factors that we feel make the use of the flat marker more preferable in national cemeteries are the reduced expenses of transportation and installation. There are fewer maintainence requirements with flat markers, and they are much less subject to chipping, breakage and vandalism.

For these reasons, the Legion's National Veterans Affairs and Rehabilitation Commission recently adopted a resolution submitted by its National Cemetery Committee that places The American Legion in support of the use of flat grave markers in national cemeteries, and in support of the use of the 4' X 8' gravesite in the National Cemetery System. This resolution will be acted upon by the National Executive Committee during its meeting of May 9-10.

Because the intent of our resolution is in direct opposition to the action called for in H.R. 4686, The American Legion must oppose enactment of the measure.

Once again, we are pleased to have the opportunity to express our views on this pending legislation.

Sincerely,

JOHN F. SOMMER, JR.
Deputy Director
National Veterans Affairs
and
Rehabilitation Commission

The American Legion
For God and Country

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April 27, 1984

Honorable Richard Shelby, Chairman
Subcommittee on Housing & Memorial Affairs
House Veterans Affairs Committee
335 Cannon House Office Building
Washington, DC 20515

Dear Chairman Shelby:

The attached letter from our National Veterans Affairs and Rehabilitation Division addresses some of the subject matter, H.R. 4685, of your upcoming hearing of May 3, 1984. We ask that this letter be made a part of the hearing record.

The American Legion has elected not to make any presentation to the Subcommittee on either of the two other measures under consideration, H.R. 4685 and H.R. 5367. This is because we registered our views on the overall VA home loan program in detail before the Subcommittee during its March 15, 1984 hearing to consider the recommendations of the "Grace Commission".

As always, The American Legion appreciates your interest in our views and we look forward to working with you in the future on matters of mutual interest to veterans.

Sincerely,

E. Phillip Riggin, Director
National Legisaltive Commission

Enclosure